Marcus & Millichap

2025 MULTIFAMILY

NATIONAL
INVESTMENT
FORECAST

TO OUR VALUED CLIENTS

The coming year offers the prospect of abating headwinds and increased deal flow for the multifamily sector. The Fed's battle with inflation and the resulting elevated interest rates may come to an end while the wave of new multifamily deliveries that destabilized the supply and demand balance in numerous markets is waning. Within this context, while also considering the strengthening lending climate and escalating household formation, investor activity may gain momentum, and the buyer/seller expectation gap could narrow.

Some uncertainty still surrounds the 2025 investment outlook, however, as the newly elected administration enters the White House and imparts its influence on Congress. Single-party control could lead to increased federal policy change. The tax climate will likely remain favorable for investors, but a variety of proposed policies could create new headwinds for certain aspects of the economy and some commercial real estate sectors. Nevertheless, 2025 could be a turning point for the market, delivering new opportunities for investors and increased transaction activity.

The generally positive outlook for 2025 will likely lift the multifamily sector, but as always, each market will follow its own trajectory. To help commercial real estate investors capitalize on the complexities of the investment climate, Marcus & Millichap presents the 2025 National Multifamily Investment Forecast.

The Marcus & Millichap team stands ready to assist you in achieving your multifamily investment goals in 2025. We appreciate your continued partnership and look forward to joining you in navigating the transaction and financing market.

PETER STANDLEY
Vice President
National Director
Multi Housing Division

JOHN CHANG
Senior Vice President
National Director
Research Services

TABLE OF CONTENTS

NATIONAL PERSPECTIVE

MARKET OVERVIEWS

CLIENT SERVICES

Developed by Marcus & Millichap Research Services.

Additional contributions were made by Marcus & Millichap investment brokerage professionals nationwide.

EXECUTIVE SUMMARY

NATIONAL MULTIFAMILY INDEX (NMI)

- A slowdown in apartment construction nationally, paired with rising renter demand, paves the way for improving multifamily occupancy and rents overall this year. Trends vary by market, however. Many Sun Belt metros will register standout inventory gains this year, yet most also slot into the upper echelon of the 2025 NMI, backed by high levels of population growth.

- Modest inventory growth and high barriers to homeownership place markets such as New York City, Los Angeles, Orange County and Chicago in the top half of the Index this year. While certain Midwest markets, such as Detroit, St. Louis and Cleveland, share similarly minor stock gains, subdued levels of household formation lead them to the lower echelon of the NMI.

NATIONAL ECONOMY

- Last year, the economy exceeded expectations. The employment market overachieved, and consumer spending proved more durable than expected. This positive momentum should carry the economy forward, supported by an anticipated uptick in consumer sentiment. While climbing home prices have bolstered wealth for homeowners, it has also raised barriers for prospective buyers, strengthening renter retention for multifamily operators.

- As the Federal Reserve aligns their policies to reduce inflation while sustaining moderate economic growth, crosswinds could impede their headway. The anticipated extension of previous tax cuts could spur growth in the coming year, but other prospective policies including deregulation, tariffs and immigration control risk the re-ignition of inflation.

NATIONAL MULTIFAMILY OVERVIEW

- Upward vacancy momentum in the multifamily sector may have crested. Despite the historically high volume of units delivered in 2024, the number of apartments absorbed on net marked the second-highest tally on record. This momentum should carry into 2025, as the tight labor market translates into above-average household creation. Reduced supply-side pressures this year should help rein in concessions.

- A notable decline in multifamily permitting over the past two years is now beginning to materialize with tapering completions in 2025. The high cost of capital, elevated material expenses and potential construction labor shortages may further restrict new supply in the coming years.

CAPITAL MARKETS

- After keeping the gauge unchanged for more than a year, the Federal Open Market Committee cut the overnight benchmark rate by 100 basis points in the latter part of last year. This returned the target lower bound to 4.25 percent, reflecting progress on both sides of the FOMC's dual mandate to support price stability and full employment. Moving forward, however, the near-term outlook for the Federal Reserve remains uncertain.

- Many investors are focused on the 10-Year Treasury and if it will once again reach 4 percent. That appears to be the consensus tipping point below which deal flow will accelerate. In the third quarter of last year, ahead of the September Federal Reserve rate reduction, the yield on the 10-Year fell below that benchmark. However, in October, the measure climbed back into the mid-4 percent range, where it ended the year. The trajectory of the instrument going forward may depend on the federal budget deficit and how the U.S. Treasury manages the issuance of debt.

INVESTMENT OUTLOOK

- After several years of financial hurdles and softer fundamentals, a significant volume of dry powder capital has accumulated on the sidelines. In 2025, this backlog should flow back into the multifamily sector amid positive trends. Based on preliminary data, national multifamily sales velocity gained ground in the second half of 2024. Private buyers active in the sub-$10 million tranche accounted for a majority of the closings, with deals often taking place in tertiary markets. Moving forward, however, sales may gain momentum in the secondary and primary metros as institutional-level activity responds to improved operations.

- Many institutions moved to the sidelines in 2022 when the Federal Reserve began raising rates. Several spent that time repairing their portfolios, pruning unfavorable assets and recapitalizing those they chose to hold. Looking forward, many of the major investment funds will need to put their dry power capital to work or potentially face increased withdrawals. A re-engagement by major institutional investors could boost transaction flow but also increase competition for high-quality multifamily assets among investors, potentially lifting prices.

Sun Belt Remains the Top Region for Relocations

Upcoming Wave of In-Migration Driven by Southwest Improvement

Sun Belt Net In-Migration Outlook

Southwest Markets

2020-2024
Net In-Migration:
-45,600

2025-2029
Net In-Migration:
+370,000

Standout Metros:
Phoenix, Las Vegas

Texas Markets

2020-2024
Net In-Migration:
+1.128 million

2025-2029
Net In-Migration:
+902,000

Standout Metros:
Dallas-Fort Worth, Houston

Southeast Markets

2020-2024
Net In-Migration:
+1.396 million

2025-2029
Net In-Migration:
+1.286 million

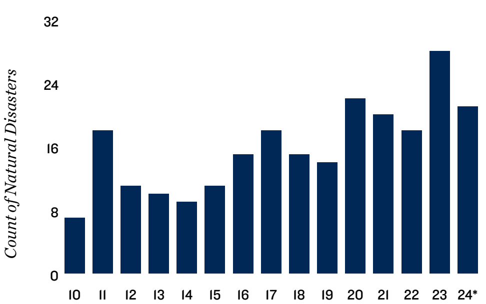
Standout Metros:
Miami, Orlando

Appealing Dynamics Remain In Place

Migration drivers set to strengthen multifamily fundamentals. Among the Sun Belt's 21 major metros, two-thirds entered this year with an average effective rent below the national mean of roughly $1,830 per month. This cost-of-living advantage — which is widespread outside of Southern California and South Florida — and expectations for above-average employment growth across many Sun Belt metros during 2025 will elevate the region's resident count. Near term, the boost to rental demand on a metro-level will support positive net absorption across every major Sun Belt market. All but six are projected to register vacancy compression ranging from 10 to 50 basis points this year.

Pair of Southwest markets rank as top destinations. Projections of net in-migration for the next five years across the major Sun Belt metros outside of Southern California suggest local multifamily vacancy rates may return to or dip below historical averages, especially as rental construction pulls back. From 2025 through 2029, Phoenix and Las Vegas are expected to drive a larger share of regional growth, adding the first- and fourth-most residents on net among Sun Belt metros. Rounding out the top five will be Dallas-Fort Worth, Houston and Orlando, followed at six, seven and eight by Atlanta, Austin and Tampa-St. Petersburg. Continued in-migration to these markets will provide a needed boon for local apartment performance, as apart from Houston, these metros entered 2025 with vacancy rates 70 to 200 basis points above their long-term average. In contrast, Los Angeles, Orange County and San Diego are expected to record out-migration over the five-year span. Still, sizable homeownership hurdles should allow these three metros to rank among the Sun Belt's least vacant markets for the foreseeable future. Unexpected trends could also arise to shift these or other migration patterns from the current projections.

U.S. Is Experiencing More Natural Disasters



Natural Disasters Alter Some Renter Sentiment

The U.S. now averages almost 22 natural disasters per year — up from about 13 in the 2010s. Over the past five years, severe storms and tropical cyclones accounted for 80 percent of the nation's major weather events that caused more than $1 billion in damage each.

A survey conducted after Hurricane Helene found nearly one-third of U.S. residents between the ages of 18 and 34 are reconsidering future moving plans because of recent major weather events.

Apartment insurance rates doubled from 2019 to 2024, with insurance costs now representing 8 to 10 percent of owners' total expenses. Landlords that have been hit with outsized insurance rate hikes, specifically those in Florida and California, may attempt to pass the cost onto apartment tenants in the form of rent increases.

** Year-to-date through October 10; event included if damages totaled greater than $1 billion*

Sources: Marcus & Millichap Research Services; National Oceanic and Atmospheric Administration; RealPage, Inc.; Redfin

Local Delivery Slates in Sun Belt and Coastal Primary Metros Better Aligned With Household Growth

Expanding markets well equipped to absorb new units. Multifamily deliveries will moderate nationally in 2025, with completions falling 110,000 units short of last year's record tally. Still, many Sun Belt markets will register standout inventory gains by historical standards. Despite this supply-side pressure, most of these metros slot into the upper echelon of the 2025 Index. Dallas-Fort Worth (#2), Houston (#5) and Austin (#9) will benefit from having high rates of projected population growth and propensity to rent, with each metro also among the leaders in employment growth. Phoenix (#10) and Charlotte (#21) will each record more deliveries in 2025 than last year, yet this new supply appears warranted, as both also notch some of the nation's strongest household growth. Las Vegas (#4) is another leader in household formation. Its growing economy and regionally low cost of living attract California residents. Miami (#1), Fort Lauderdale (#6), Orlando (#3) and West Palm Beach (#19), meanwhile, all note a pullback in deliveries. When paired with consistent household growth, this dynamic supports local revenue growth that ranks among the nation's best. Of note, while Florida may face increased weather-related risk, this was not factored into the rankings.

Declining permitting activity beginning to impact metros in various ways. A group of markets are slated to register mild sub-1 percent stock growth in 2025, but how apartments perform with this light pressure will hinge on other factors. Chicago (#24) is expected to notch the smallest inventory gain among major U.S. markets this year, with New York City (#17) claiming the eighth-lowest boost to stock. Rental properties in Orange County (#8) and Los Angeles (#12) are positioned to benefit from moderate inventory increases, as local median home price-to-income ratios limit housing options for most residents. Similar to these metros, a group of Midwest markets — Pittsburgh (#45), Detroit (#47), St. Louis (#49) and Cleveland (#50) — also note stock growth of 1 percent or less. This group, however, is home to the nation's lowest median home prices and minimal household growth — factors that challenge near-term rental demand.

Index Methodology

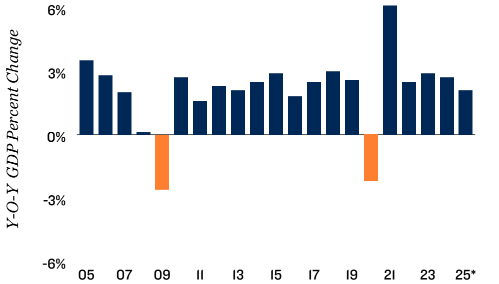
The NMI ranks 50 major markets on a collection of 12-month, forward-looking economic indicators and supply and demand variables. Markets are ranked based on their cumulative weighted average scores for various indicators, including projected job growth, vacancy, construction, housing affordability, rents, household growth and size of renter pool. Weighing the history, forecasts and incremental change over the next year, the Index is designed to show relative supply and demand conditions at the market level. Index rankings do not take insurance costs and natural disaster risks into account.

Users of the Index are cautioned to keep several important points in mind. First, the NMI is not designed to predict the performance of individual investments. A carefully chosen property in a bottom-ranked market could easily outperform a poor choice in a higher-ranked market. Second, the NMI is a snapshot of a one-year horizon. A market encountering difficulties in the near term may provide excellent long-term prospects, and vice versa. Third, a market's ranking may fall from one year to the next, even if its fundamentals are improving. The NMI is an ordinal Index, and differences in rankings should be interpreted carefully. A top-ranked market is not necessarily twice as good as the second-ranked market, nor is it 10 times better than the 10th-ranked market.

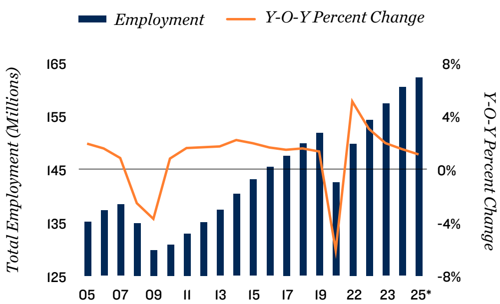
RANK	MARKET
1	*Miami-Dade*
2	*Dallas-Fort Worth*
3	*Orlando*
4	*Las Vegas*
5	*Houston*
6	*Fort Lauderdale*
7	*Salt Lake City*
8	*Orange County*
9	*Austin*
10	*Phoenix*
11	*Tampa-St. Petersburg*
12	*Los Angeles*
13	*Raleigh*
14	*San Diego*
15	*Boston*
16	*Seattle-Tacoma*
17	*New York City*
18	*Minneapolis-St. Paul*
19	*West Palm Beach*
20	*Washington, D.C.*
21	*Charlotte*
22	*Portland*
23	*Philadelphia*
24	*Chicago*
25	*Northern New Jersey*
26	*Indianapolis*
27	*Denver*
28	*San Jose*
29	*Reno*
30	*Nashville*
31	*Columbus*
32	*Kansas City*
33	*San Francisco*
34	*Atlanta*
35	*San Antonio*
36	*Riverside-San Bernardino*
37	*Jacksonville*
38	*Sacramento*
39	*Tucson*
40	*Oakland*
41	*Milwaukee*
42	*New Haven-Fairfield County*
43	*Baltimore*
44	*Norfolk-Virginia Beach*
45	*Pittsburgh*
46	*Louisville*
47	*Detroit*
48	*Cincinnati*
49	*St. Louis*
50	*Cleveland*

[1] *See National Multifamily Index Note on page 64*

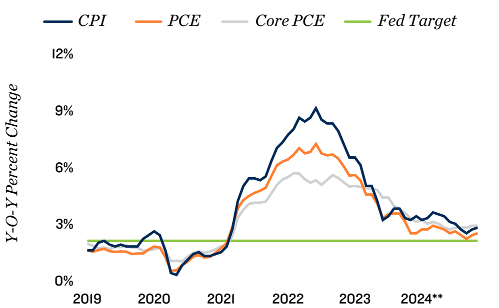
Consumer Spending Backs Recent GDP Growth



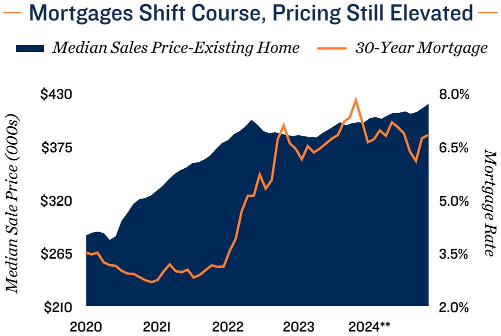
Hiring to Slow for a Fourth-Straight Year



Inflation Continues to Taper



Mortgages Shift Course, Pricing Still Elevated



** Forecast*

*** Through November*

Economic Momentum Carries Into 2025; Policy Uncertainty a Wildcard

Growth outlook moderate by design. Last year, the economy exceeded expectations with real GDP growth of 2.7 percent. The employment market overachieved and consumer spending proved more durable than anticipated. Inflation pressures moderated, with core PCE nearing the mid-2 percent range by year-end. This positive momentum is expected to carry the economy forward in 2025 at a more modest 2.1 percent pace, aided by an anticipated uptick in consumer sentiment. The cumulative 100-basis-point reduction of the federal funds rate in the latter part of 2024, while positive, reiterates the transition of the Federal Reserve's focus from inflation risk to supporting the employment market. Although additional rate reductions are expected this year, they will likely be modest. Uncertainty surrounding the implementation of potentially inflationary federal policies including tariffs and stricter immigration controls will remain a consideration of the Federal Reserve as they set rate policy in 2025.

Soft landing strategy faces crosswinds. As the Federal Reserve aligns their policies to reduce inflation while sustaining modest economic growth, crosswinds could impede their headway. The anticipated extension of many Tax Cuts and Jobs Act provisions are expected to spur growth in the coming year, but other prospective policies including deregulation, tariffs and immigration control risk the re-ignition of inflation. At the same time, challenges including low-income household financial distress, record consumer debt and continued labor supply shortages could restrain the economy.

Housing market a key economic ingredient. The median single-family home price increased by 4 percent to a record $415,000 in 2024, reiterating the sustained housing shortage. For existing homeowners, the gains bolstered household wealth, pushing total owners' equity to a record $35 trillion, but for renters, the price increases exacerbated a long-standing barrier to purchasing their first home. Only 27 percent of U.S. households can qualify for a standard Freddie Mac loan on a median priced home, and the spread between the median priced home payment and the average rent stands near $1,200 per month. This barrier to homeownership has emerged as a major political topic that could spur policy changes, but it also strengthens renter retention for multifamily operators.

2025 NATIONAL ECONOMIC OUTLOOK

- **Labor shortage could weigh on job creation.** Following the creation of over 2 million new jobs in 2024, employment growth is expected to slow to 1.8 million roles in 2025. This reflects anticipations for mildly slower economic growth and a labor shortage. The expected tightening of immigration rules could weigh on labor force availability, particularly in the construction, health care and hospitality sectors.

- **Retail sales remain robust.** Core retail sales stood at a record-high $531 billion in October 2024, generating 1 percent year-over-year growth on an inflation-adjusted basis. Supported by wage growth exceeding inflation, still-low unemployment levels and nearly $25 trillion of total savings including money market mutual funds, consumers are well positioned to sustain consumption levels.

- **Fundraising reflects economic strength.** Firms are set to issue $1.5 trillion in U.S. corporate bonds in 2025 as they refinance maturing debt. This maneuvering builds off 2024, which was the second-busiest year on record for corporate bond sales.

Rental Demand on a Trajectory to Match New Supply for the First Time in Four Years

New apartment delivery tally begins to taper. Upward vacancy momentum in the multifamily sector may have crested. The historically high volume of units delivered in 2024 outpaced demand, raising vacancy for a third consecutive year. Still, the number of apartments absorbed on net marked the second-highest tally on record, with demand for existing and newly built rentals supported by a significant rise in household formation. This momentum should carry into 2025. The tight labor market should sustain income growth comparable to last year, translating into household formation that exceeds the 10-year average by more than 250,000. Expansion of the renter pool will coincide with a moderation in apartment deliveries, with 410,000 units on track to enter lease-up this year, down from 520,000 units in 2024. Reduced multifamily completions will span most metros, with 35 of 50 major U.S. markets registering a year-over-year pullback. Reduced supply-side pressure across numerous metros will likely aid leasing at existing complexes, helping to rein in concessions. Net absorption is projected to match new supply in 2025 as a result — a dynamic that will moderately lower vacancy and spur modest rent growth of 3 percent. Beyond this year, a broader reduction in supply-side pressure may materialize, driven by a notable decline in multifamily permitting that has manifested over the last two years.

Home sales unlikely to impact rental demand. Prospective homeowners now need to earn more than $110,000 a year to afford a median-priced home in nearly half of U.S. states. This threshold is higher in parts of the West and Northeast. A substantial income barrier and record home prices across most major metros, combined with mortgage rates that are expected to hover in the 5.5 percent to 6 percent range, mean only a select percentage of renters will purchase a home in 2025. This situation is poised to benefit demand and rent growth potential in major markets' suburbs and CBDs, especially in metros with significant barriers to homeownership. Entering this year, national suburban vacancy was nearly on par with its long-term average. Urban vacancy, meanwhile, was largely unchanged year over year, as renters absorbed a net of more than 50,000 units in 2024 — nearly matching the prior two-year tally combined.

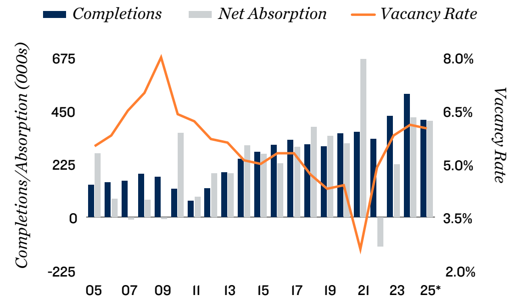
2025 NATIONAL MULTIFAMILY OUTLOOK

- **Asset class price gaps wide.** The disparity between the average Class A and Class B rent was $510 per month in the third quarter of 2024, with the gap between Class B and C effective rates at $320 per month. The rent spread may pose barriers to mobility between property tiers, especially as concessions burn off. This could induce increased rental demand stabilization and renewal in 2025.

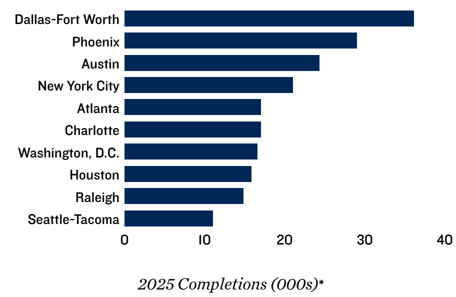
- **Regions poised to notch strong near-term demand.** Home to average rents that are $400 to $550 per month below the national mark, eight Midwest metros entered last October with vacancy below their long-term mean. Only eight of the 39 other major U.S. markets achieved that, with four of them located in the Northeast.

- **Barriers to development bolster long-term outlook.** As construction starts taper, the multifamily supply and demand balance is moving toward equilibrium. However, the high cost of construction capital, elevated materials costs and potential construction labor shortages may further restrict new supply in coming years, putting an additional emphasis on existing units.

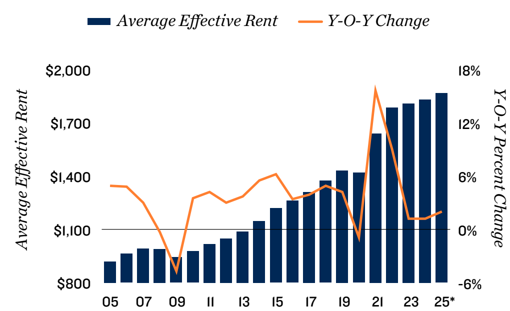
Supply and Demand Come Into Alignment



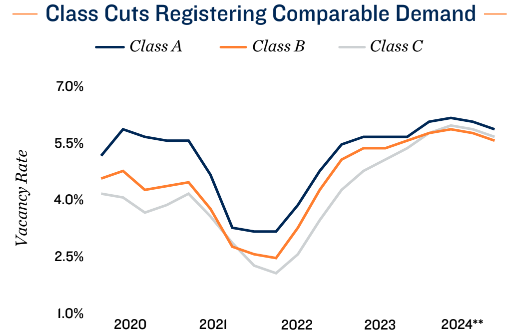
Deliveries Concentrated in Ten Markets



Stretch of Moderate Rent Growth Extends

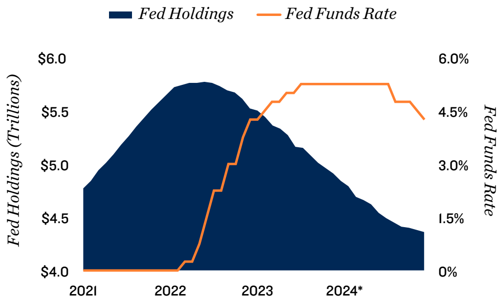


Class Cuts Registering Comparable Demand



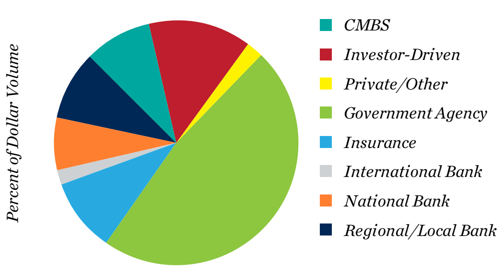
* Forecast
** Through 3Q

Fed Reduces Rates and Balance Sheet

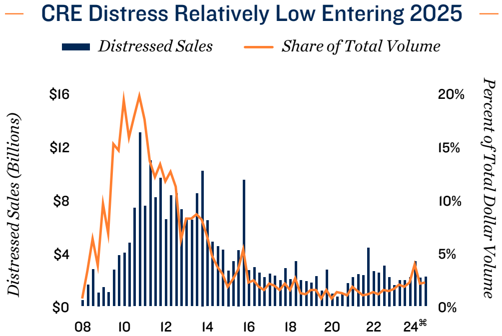


Treasury Yield Trends

Multifamily Lender Composition**



CRE Distress Relatively Low Entering 2025



*Through Dec. 18

** Sales $2.5 million and greater; 1H 2024

※ Through 3Q

Initial Federal Reserve Rate Cuts Boosted Sentiment; Lending Liquidity Poised to Rise in 2025

Interest rates adjust to new public policies. After keeping the gauge unchanged for more than a year, the Federal Open Market Committee cut the overnight benchmark rate by 100 basis points in the latter part of last year. This returned the target lower bound to 4.25 percent, reflecting progress on both sides of the FOMC's dual mandate to support price stability and full employment. Moving forward, however, the near-term outlook for the Fed remains uncertain. While the renewal of the Tax Cuts and Jobs Act — together with other proposed tax reductions — could foster economic growth, new tariffs and tighter immigration restrictions could reignite inflation. This combination might spur the FOMC to adopt more cautious interest rate policies in 2025.

Ten-year Treasury remains elusive. In the third quarter of last year, ahead of the September Federal Reserve rate deduction, the yield on the 10-year Treasury fell below 4 percent, sparking a surge of investor activity. However, in October, the measure had climbed by more than 60 basis points, back into the low- to mid-4 percent range and returning some investors to the sidelines. Looking forward into 2025, many believe the 10-year Treasury will face downward pressure as the Fed reduces the underlying overnight rate. The trajectory of the instrument may depend on the federal budget deficit and how the U.S. Treasury manages the issuance of additional debt. With the Federal Reserve still utilizing quantitative tightening to shrink their balance sheet, buy-side pressure on Treasury auctions may be limited and rates may face upward pressure. Many investors are focused on the 10-year once again reaching 4 percent. That appears to be the consensus tipping point below which deal flow will accelerate.

2025 CAPITAL MARKETS OUTLOOK

- **Government sponsored enterprises may transform.** Fannie Mae and Freddie Mac were the go-to lenders of 2024, but they fell modestly short of their $140 billion disbursal cap. In the coming year, their combined cap has been increased to $146 billion and, under the new administration, some regulations may be eased. It is also possible the GSE's could begin transitioning out of conservatorship, which could substantively change their lending guidelines.

- **Lending liquidity in transition.** While 66 banks were on the FDIC's Problem Bank list at midyear 2024, a reduced regulatory climate under the new administration could ease some of the pressure. As of the fourth quarter last year, fewer banks were tightening their loan standards, debt service coverage ratios were in the 1.4 range and apartment loan-to-value levels were trending up from an average of 62 percent. With the exception of construction loans, which will likely remain restrictive, lending liquidity should gain momentum in 2025.

- **Number of distressed property sales may rise.** Of the commercial real estate sales closed during the first nine months of last year, approximately 2.7 percent involved distressed properties. This pool has the potential to enlarge in 2025. The value of assets considered to be in potential distress stood at $261 billion last September, with the multifamily sector composing nearly $76 billion of this total.

Release of Dry Powder Adds Fuel; Market Performance and Rising Expenses Alter Investors' Strategies

Improved operating landscape to bolster transaction activity. After several years of financial hurdles and softer fundamentals, a significant volume of dry powder capital has accumulated on the sidelines. In 2025, this backlog should flow back into the multifamily sector amid positive trends. Last year, more than half of the nation's 50 major rental markets recorded vacancy compression, with all but eight noting rent growth. Meanwhile, interest rate reductions and a broader lender pool are lowering debt costs for borrowers. This, along with higher cap rates, has reopened the yield spread. The average cap rate for trades completed from October 2023 to September 2024 climbed to 5.9 percent, increasing by 120 basis points from 2022's all-time low. This allowed more deals to pencil during the latter quarter of this stretch, in turn aiding price discovery. This dynamic will help reduce the buyer/seller expectation gap moving forward and set the stage for revived trading momentum in 2025.

Investors evaluate criteria. Based on preliminary data, national multifamily sales velocity gained ground in the second half of 2024. Private buyers active in the sub-$10 million tranche accounted for a majority of closings, with deals often taking place in tertiary markets. Moving forward, however, sales may gain momentum in secondary and primary metros as institutional-level activity responds to improved operations. Across primary markets, vacancy exited 2024 on par with the long-term average, with 12 of 18 secondary metros registering falling vacancy last year. Another factor influencing where investors look is the recent increase in the costs of insurance, taxes and other operating expenses squeezing margins. Some investors may shift away from regions with severe weather and natural disaster risks due in part to the ensuing elevated insurance rates.

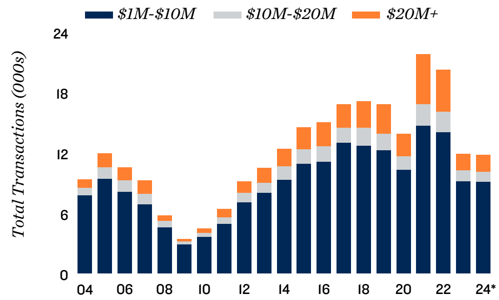
2025 INVESTMENT OUTLOOK

- **Capital shifts northward.** While major Sun Belt markets have been an interstate migration magnet, the surging housing demand naturally attracted a significant wave of development that has created a short-term supply overhang. Northern markets have delivered far fewer units, resulting in tighter vacancy and modestly more substantive rent growth entering 2025, in turn drawing increased investor interest.

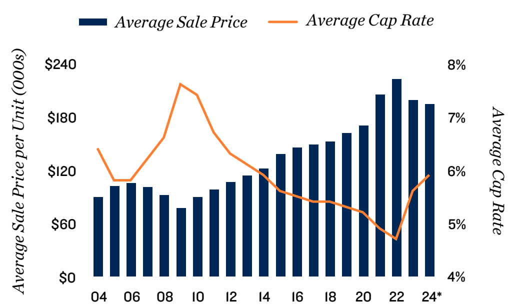
- **Supply waves translate into opportunities.** Developers added nearly 2 million units over the past five years, with another 410,000 rentals slated for 2025. Numerous investors have been monitoring this influx, awaiting the opportunity to acquire the new assets. As builders face lease-up headwinds amid the glut of new supply in some markets, builders may choose to sell properties prior to stabilization to free up capital and exit the short-term construction loans that often carry significantly higher rates.

- **Pent-up capital losing patience.** Many institutional investors moved to the sidelines in 2022 when the Federal Reserve began raising rates. Several spent that time repairing their portfolios, pruning unfavorable assets and recapitalizing those they chose to hold. Looking forward, many of the major investment funds will need to put their dry powder capital to work or potentially face increased withdrawals. A re-engagement by major institutional investors could boost transaction flow, but it would also increase competition for high-quality multifamily assets, possibly driving prices higher.

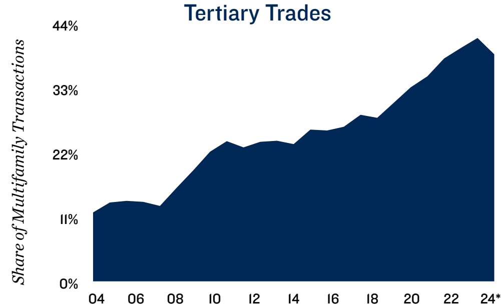
Multifamily Transaction Activity



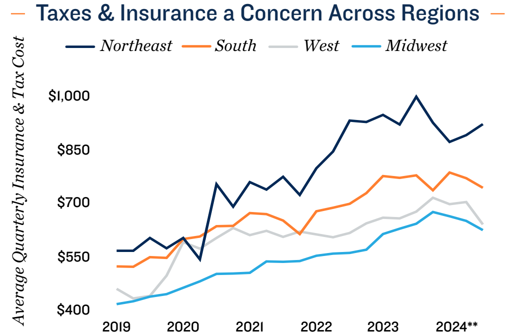
Price vs. Cap Rate



Recent Deal Flow Supported by Tertiary Trades



Taxes & Insurance a Concern Across Regions

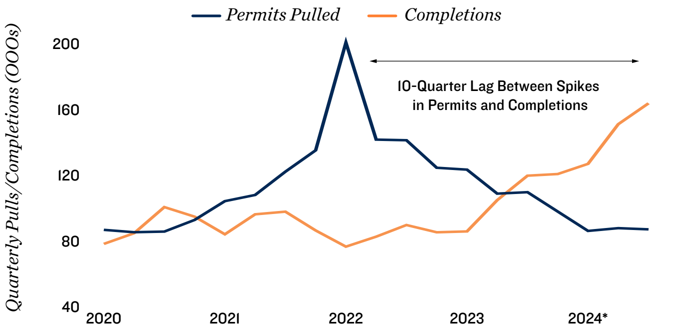


* Estimate ** Through 3Q

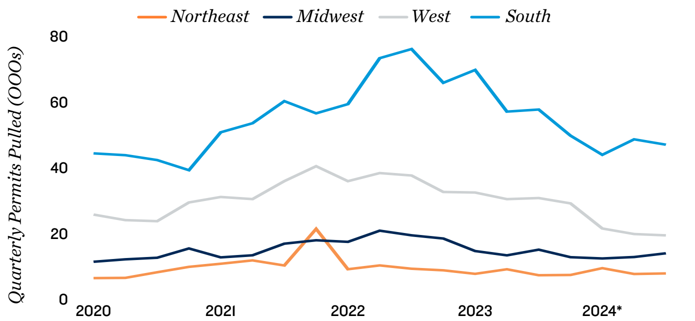
Broad Pullback in Multifamily Permit Activity Materializing

Decline in Project Starts Evident Across Regions and Markets

Permit Activity Points to Fewer Completions



Permitting Down Across Regions



Leaders in Inventory Growth Poised for Declines in Supply-Side Pressure Beyond 2025

METRO	INVENTORY GROWTH (2020–2024)	VACANCY CHANGE (2020–2024)	VACANCY (YEAR-END 2024)	Y-O-Y CHANGE IN PERMIT ACTIVITY**	UNIT DELIVERIES (2025 VS. 2024)
Austin	*31.5%*	*Up 310 bps*	*7.8%*	*-27.4%*	*Down 4,500*
Nashville	*28.6%*	*Up 130 bps*	*5.8%*	*-60.5%*	*Down 4,700*
Charlotte	*25.6%*	*Up 260 bps*	*7.3%*	*-26.1%*	*Up 4,000*
Raleigh	*25.1%*	*Up 230 bps*	*7.1%*	*-32.8%*	*Down 200*
Salt Lake City	*24.2%*	*Up 190 bps*	*6.1%*	*-61.0%*	*Down 1,500*
Jacksonville	*24.1%*	*Up 280 bps*	*7.7%*	*-77.8%*	*Down 3,600*
Phoenix	*20.1%*	*Up 310 bps*	*7.1%*	*-19.9%*	*Up 3,500*
Orlando	*19.8%*	*Up 200 bps*	*6.5%*	*-10.6%*	*Down 4,200*
Reno	*18.8%*	*Up 90 bps*	*5.0%*	*-34.4%*	*Down 1,575*
Dallas-Fort Worth	*17.4%*	*Up 230 bps*	*7.4%*	*-11.0%*	*Down 5,500*

Falling Permit Activity to Bolster Multifamily Fundamentals

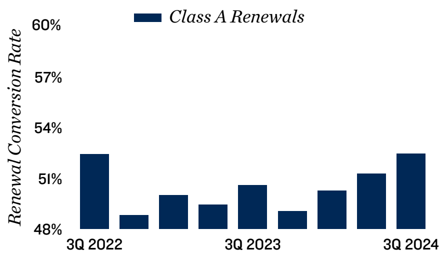
Recent slowdown in project starts has long-term implications. Overall apartment delivery volume is expected to temper this year, but a larger pullback in completions is on the horizon. During the first eight months of 2024, the number of multifamily permits pulled nationwide declined by approximately 24 percent year over year. The initial impacts of this decline, however, will not be felt until sometime in 2026; historically, an eight- to 10-quarter gap exists between a permit pull and a reasonably-sized project's completion. Still, the anticipated slowdown in deliveries slated to occur beyond this year is poised to aid properties that come online in 2025 as they navigate the rental stabilization process.

Supply and demand moving toward alignment. Household formation has begun to accelerate, spurred by the still-strong employment market, rising wages, tempered inflation and increasing consumer sentiment. As the pace of deliveries begins to ebb, vacancy rates should drift lower. Though rent growth momentum will likely remain tepid through much of 2025, the pace of rate growth could pick up as the year advances, especially in metros that closed 2024 with downward moving vacancy rates. Accounting for the highest vacancy among property tiers, the Class A sector stands to benefit the most from a drop in permit activity, with segment vacancy potentially returning to its long-term mean of 5.5 percent by the end of 2025.

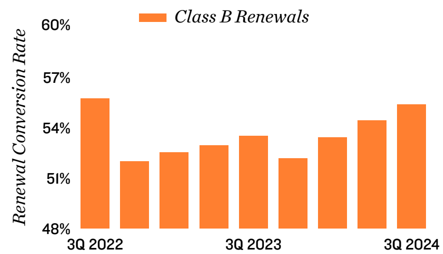
** Permits and Completions through 3Q 2024*
*** First eight months of 2024 compared with same period in 2023*
Sources: Marcus & Millichap Research Services; CoStar Group, Inc; RealPage, Inc.

Rise in Renewals Apparent Across Multifamily Property Tiers

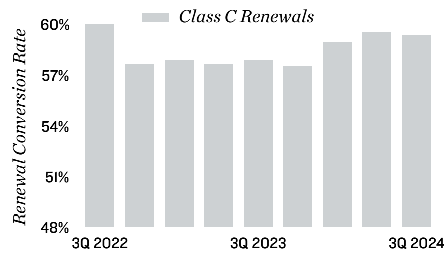
Luxury Renewals Reach Nine-Quarter High



Mid-Tier Momentum Mirrors Class A Sector



Lower-Tier Retention Rate Ranks Highest



MOVING COSTS

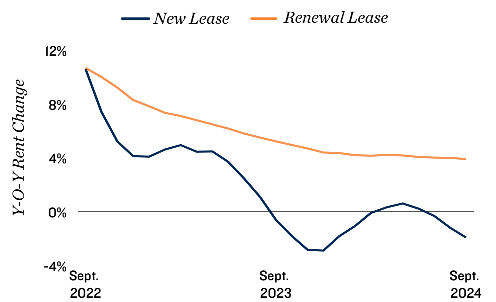
Impact Renters' Decisions

Renewals Drive Overall Rent Growth Amid Rise in Concession Usage

Renewal Dynamics

- Each property tier registered a renewal rate above the 52 percent threshold during the July–September stretch of 2024 — an accomplishment last recorded in the third quarter of 2022.
- Rent for renewal leases rose by roughly 4 percent year over year across property tiers in the third quarter of last year. In contrast, effective rates for new leases dipped 0.7 percent to 1.4 percent, depending on the asset class.
- Concession usage rose notably last year. In 2025, more property owners intent on raising rents at renewal may lean on upfront incentives as a way to retain tenants; however, as new supply pressure eases, concession usage should recede.

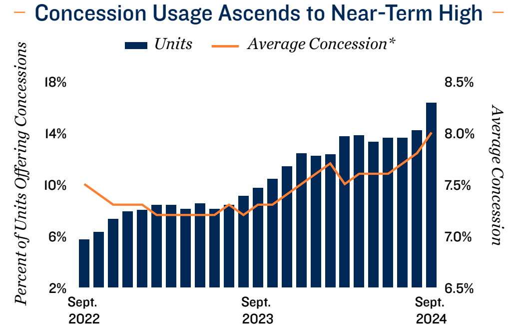
Recent Rent Growth Buoyed by Renewals



Financial Impacts of a Move

- A recent survey found 21 percent of Americans who relocated within the past year went into debt to pay for their move.
- More than half of the households surveyed also stated they underestimated the cost of their move, spending an average of nearly $550 more than planned.
- The rising cost to move will play a role in the near-term number of household relocations, which declined in each of the past two years. Some households considering a move to another metro may now opt for an in-market relocation instead.

Concession Usage Ascends to Near-Term High



* Average concession as a percentage of a 12-month lease

Sources: Marcus & Millichap Research Services; RealPage, Inc., USA Today

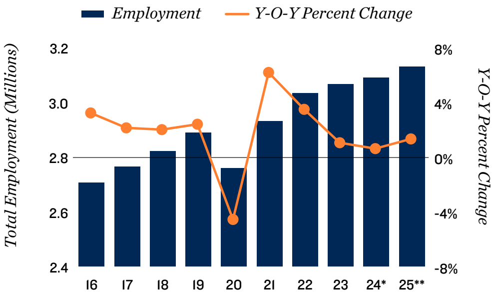
ATLANTA

Inflow of Young Adults and Moderating New Supply Offer Tailwinds for Operators and Investors

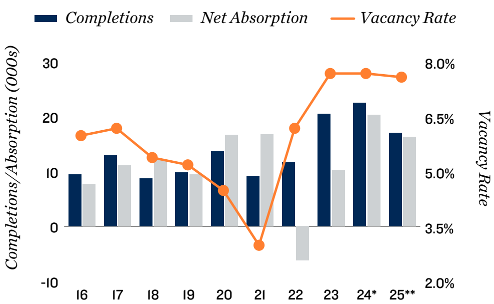
Job opportunities for young professionals bolster multifamily performance. Last year, only three major U.S. rental markets recorded a larger increase in their 20- to 34-year-old resident cohort than Atlanta. Attracted in part by corporate growth like AIG's upcoming innovation center, the metro's base of young professionals is again expected to expand in 2025. As most of this group historically slots into the renter pool, apartments stand to benefit. This dynamic, coupled with a cooling delivery slate and the largest expected net in-migration among metro east of the Mississippi River, will drive greater downward pressure in vacancy across over a quarter of all submarkets in the metro. Notably, Midtown and Northeast Gwinnett County will see over a 40 percent decline in deliveries year over year, likely accentuating their already below-market level vacancies. The greater influx of renters will support both new and existing supply, pushing overall vacancy down and ushering in a return to upward rent momentum.

Greater supply-demand alignment foster investor confidence. Entering 2025 on an eight-quarter stretch of above-average net absorption, Atlanta should continue to draw investors focusing on primary southern metros. Listings expected to draw the most interest this year are in submarkets with relatively higher median household incomes, local standout fundamentals and sizable corporate bases. Midtown, Buckhead and Sandy Springs — home to an affluent population, a high percentage of college graduates and the Newell Brand headquarters in Sandy Springs — should see continued activity. Class C assets in suburban areas near the CBD are likely to see a similar trend. Close to corporate developments like Atlanta Tech Village in South Downtown, these assets attract young workers seeking affordable options proximate to job opportunities.

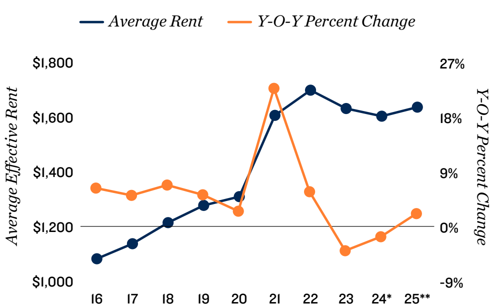
Employment Trends



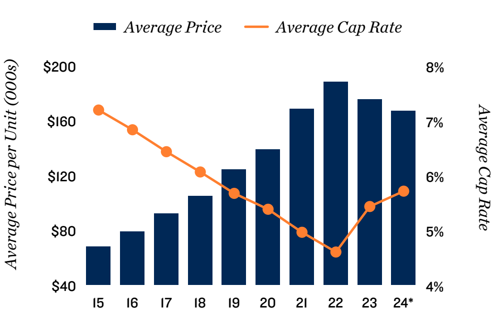
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2025 MARKET FORECAST

NMI RANK 34 — ***A strong labor market is offset by deliveries and one of the nation's higher vacancy rates, placing the metro outside the top 30.***

+1.4% — **EMPLOYMENT:** Atlanta's labor base will grow by 42,000 jobs. This annual tally ranks as the fifth highest among major U.S. markets and marks a substantial improvement over 2024.

17,000 *units* — **CONSTRUCTION:** Delivery volume hits a two-year low but will remain historically elevated as inventory grows by 2.9 percent this year — 100 basis points above the 2014–2019 annual average.

-10 bps — **VACANCY:** Carried by the largest expected net in-migration and household formation rate of any metro east of the Mississippi River, Atlanta will see vacancy drop to 7.6 percent.

+2.1% — **RENT:** Rent momentum will turn positive for the first time since 2022, lifting the metro's mean effective rent to $1,633 per month. This metric exceeds the year-end 2020 recording by 24 percent.

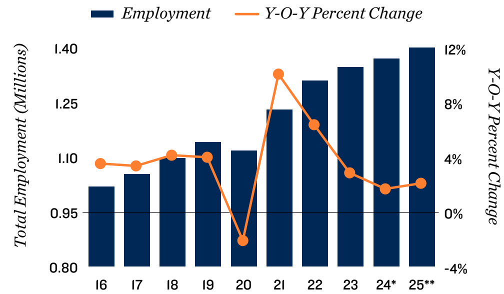
INVESTMENT: *Investors may target listings near Atrium Health's 40-acre property, next to the West End Station in Southwest Atlanta. Future developments will spur job creation and relocations to the area.*

Tech Inflows and Slower Permitting Suggest Long-Term Upside Potential Exists Amid Short-Term Growing Pains

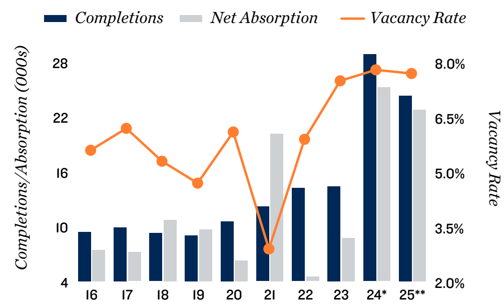
Population gains and corporate expansions align with ongoing supply wave. In 2025, Austin will remain one of the nation's fastest-growing metros for both employment and population, fueled by an influx of young professionals and large-scale corporate commitments. High-profile future developments, such as Samsung's $17 billion semiconductor plant in Taylor and Tesla's 1.4 million-square-foot battery facility in East Austin, continue to bolster local economies and housing demand. Developers are counting on these dynamics to aid leasing velocity for the roughly 24,300 units slated to come online this year. Considering the size of this year's delivery slate, concessions usage, which rose last year, should continue to be frequent among newly built properties. For that reason, meaningful rent growth is unlikely to resume until late 2025. As the supply wave crests early in the year, demographic tailwinds and steady in-migration should maintain demand, even as vacancy battles elevated inventory longer term. However, supply-side pressure should ease, as a broad pullback in multifamily permitting is materializing.

Potential shift in development activity reshapes investors' near-term strategies. Investment sentiment heading into 2025 reflects both recent obstacles and emerging signs of long-term stability. While elevated vacancy and tight financing margins weighed on activity in 2024, a tapering development pipeline beyond 2025 may begin to restore investor confidence in the coming year. Multifamily permitting in 2024 reached its lowest level since 2019, suggesting a measured delivery pace over time. Prospective investors could consider submarkets like Round Rock, Georgetown, Cedar Park and Leander, where steady employer commitments bolster rental demand. Despite tighter debt markets, Austin's strong rental base and demographic momentum ensure long-term investment potential, even amid 2025 challenges.

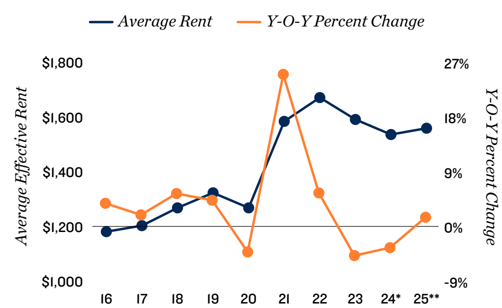
Employment Trends



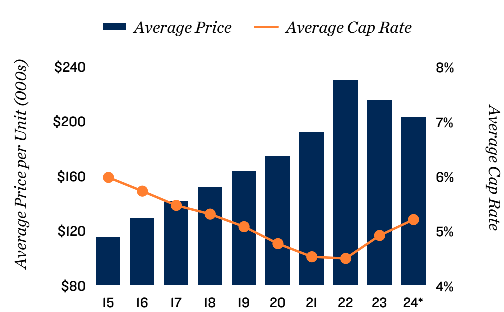
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2025 MARKET FORECAST

NMI RANK 9 — ***Prominent job and household growth lift Austin into the top 10 despite elevated completions constraining rent growth.***

+2.1% — **EMPLOYMENT:** Austin will add 29,000 jobs on net in 2025, surpassing last year's total. This hiring brings total employment roughly 22 percent above the year-end 2019 mark.

24,300 *units* — **CONSTRUCTION:** Metro inventory will increase by over 7 percent for the second-straight year. This marks the largest increase among major U.S. markets and the highest local growth since at least 2000.

-10 bps — **VACANCY:** Persistent additions over the past five years placed significant upward pressure on vacancy. Continued renter demand in 2025, however, will slightly lower the local rate to 7.7 percent.

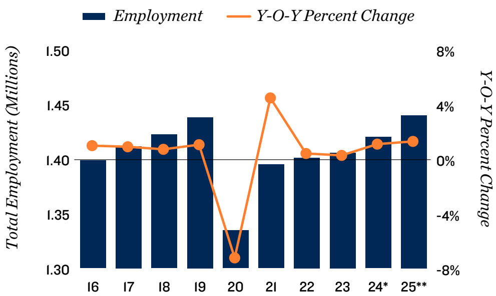
+1.5% — **RENT:** After declining in each of the past two years, Austin's average effective rent rises moderately in 2025. By December, the mean monthly rent is projected to reach $1,556 per month.

INVESTMENT: *Investors may target properties along transit corridors impacted by the revised Density Bonus Program, which integrates more affordable units into future higher-density development.*

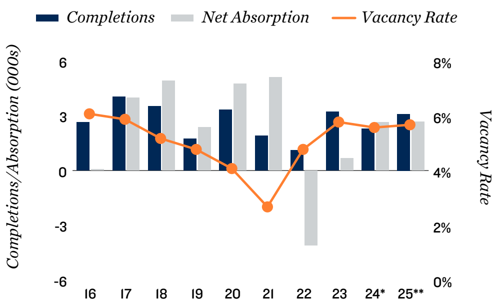
BALTIMORE

Public Initiatives Help Bolster Demand in the Core, Influencing Investment Trends

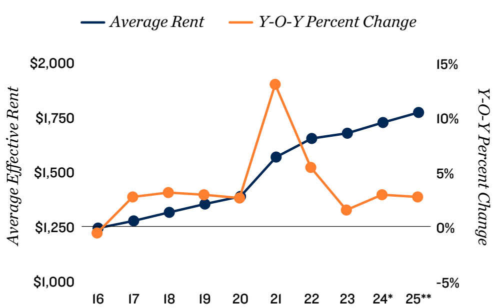
Employment Trends



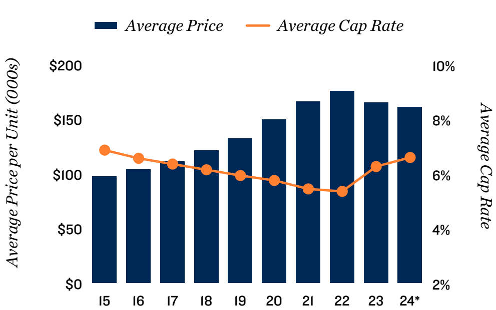
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Demand exceeding ample new supply amid changing landscape. Over 3,000 units are slated to be completed this year, half of which will be in the central business district. Yet, even with concentrated construction, downtown's vacancy is still falling. The measure fell over 100 basis points last year to under 6 percent, aided by the highest net absorption of any submarket. Reflecting strong demand, concession usage here fell to the national average last year. This positive momentum is set to continue as Maryland's redevelopment plan for the CBD kicks into gear. Aiming to refurbish disused commercial spaces and infrastructure, the state is providing grants to improve facades, restore public parks and demolish vacant public buildings for green spaces to bring foot traffic downtown. Meanwhile, with construction focused in the core, there is a dearth of apartments being built in the suburbs. This bodes well for areas like Columbia-North Laurel, which saw no notable deliveries last year despite demand from renters stoking rent gains above the market average.

While below previous highs, trading activity is improving in Baltimore. Dealflow has been condensed within the low and middle-end of asset tiers, as for a second-consecutive year in 2024, over two-thirds of trades were for Class C assets. Baltimore's affordability compared with other East Coast metros underscores the market's budget-friendly housing. Although Baltimore City proper led the market in trades, deals were dispersed throughout the metro. Outside of key cultural and employment hubs, submarkets that saw little construction and reported improved fundamentals are likely to remain attractive for investors. One such area, West Baltimore County, encompassing Owings Mills and Pikesville, enters 2025 following a 100-basis-point decline in the local vacancy rate last year.

2025 MARKET FORECAST

NMI RANK 43 — ***Less construction compared to most major markets is mitigated by slow household formation, limiting Baltimore's rank.***

+1.3% — **EMPLOYMENT:** Employers are set to add 19,000 jobs in 2025, improving from last year. Traditionally office-using employment will surge, up 2.8 percent year over year, rebounding from losses in 2023.

3,100 *units* — **CONSTRUCTION:** Inventory growth is expected to rise 30 basis points to 1.3 percent year over year. The rate will stay roughly in line with the past decade average of 1.1 percent.

+10 bps — **VACANCY:** At 5.7 percent, vacancy will rise from last year but come in under the 2023 level and below the national average. While Annapolis' rate trends down, other suburbs' rates are flat or rising.

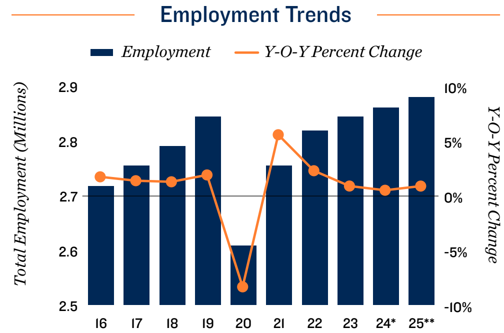
+2.7% — **RENT:** Baltimore's average effective rent is projected to rise more slowly in 2025, reaching $1,768 per month. The metro's mean will nevertheless still trail nearby Philadelphia and D.C. by $100 or more.

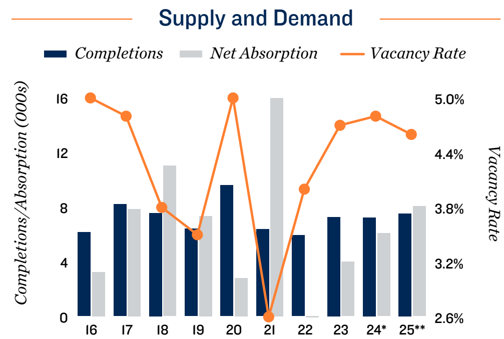
INVESTMENT: *The Midtown-Belvedere submarket saw a cluster of trades last year. Nearby cultural draws like the Baltimore Symphony and employers like the Social Security Administration may prompt further interest.*

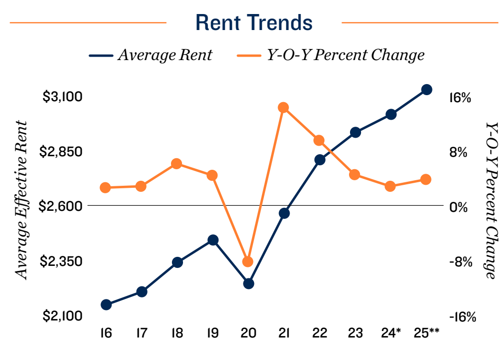
Investor Confidence Rises as Reduced Inflation and Stable Household Growth Tighten Market Conditions

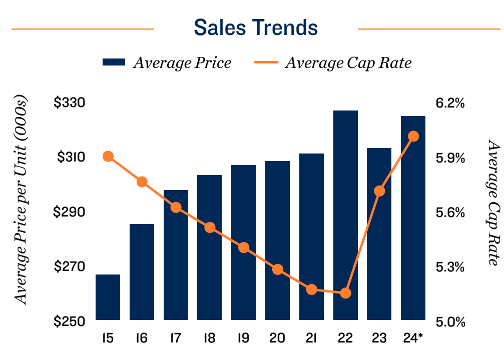
Low supply and stable demand support optimistic outlook. Boston's more cycle-resistant economy, led by world-class educational and health care institutions, is expected to sustain rental demand despite broader uncertainties. The appeal for urban living is being aided by a vibrant local retail environment, as well as the rise in return-to-office mandates and corporate expansions by firms such as Amazon and Moderna. Growing business hubs with lower housing costs like Waltham — highlighted by Welch's planned relocation to the area this spring — should also attract renters to the suburbs. These factors will keep apartment demand ahead of new supply, with inventory growth projected to remain under 2 percent for the fifth consecutive year. Despite the MBTA Communities zoning law removing impediments to development, high construction and financing costs have tempered these efforts. However, a statewide $5 billion bill passed last year may spark activity by funding affordable housing, incentivizing conversions and legalizing accessory dwelling units. In the near-term, rising household formation as inflationary pressures ease should help tighten vacancy and improve rent growth.

Investors noting prospects for enhanced returns. Sub-2 percent supply growth and a stable economy should continue attracting investors to Boston. A more active lending environment and stronger rent growth are also expected to bring sidelined buyers back into the market. Post-2015 built assets are likely to stay in high demand due to the metro's chronic undersupply of housing, especially in the urban core where ownership is out of reach for many. Investors seeking higher yields may focus on Class C apartments, which posted lower vacancy and stronger rent growth last year compared with higher-tier properties. Neighborhoods currently expanding their transit infrastructure, such as Allston and Somerville, are also anticipated to observe heightened investment activity.









2025 MARKET FORECAST

NMI RANK 15 — ***Moderate supply pressure and a stable economy with affluent households keeps Boston in the top half of the Index.***

+0.9% — **EMPLOYMENT:** Improving from last year, Boston will add 26,000 roles. As unemployment enters 2025 near its highest rate since 2021, employers are likely to find it easier to fill job openings.

7,500 *units* — **CONSTRUCTION:** Deliveries are expected to rise slightly, partly due to initiatives for higher housing density. Nevertheless, inventory growth will remain below the trailing 10-year average of 1.8 percent.

-20 bps — **VACANCY:** Sustained employment growth prompts apartment demand to outweigh the relatively limited new supply, reducing metrowide vacancy to 4.6 percent by the end of the year.

+3.8% — **RENT:** Lower vacancy spurs greater rent growth. Reaching $3,125 per month, Boston will be one of 10 major metros to have their average effective rent increase by more than 10 percent since 2022.

INVESTMENT: *Redevelopment projects like Dorchester Bay City and Suffolk Downs are poised to drive an increase in renter demand and investor interest in the neighborhoods surrounding the rehabbed environs.*

** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

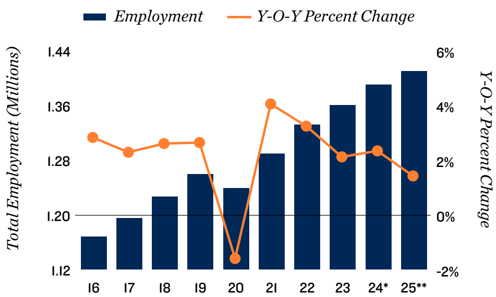
CHARLOTTE

Record White-Collar Employment Sparks Rental Demand as Charlotte Sees Surge in New Units

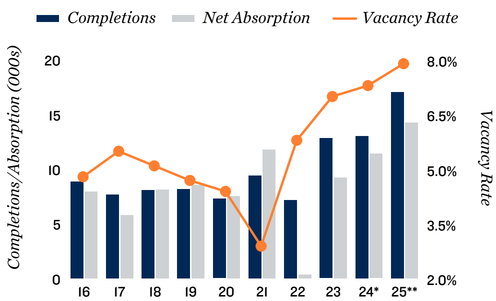
Growing corporate hubs fuel need for apartments amid elevated deliveries. For the third straight year, Charlotte will deliver over 12,000 new units. Developments are centered in South and Southwest Charlotte — areas expected to gain substantial numbers of new residents over the next five years due to their proximity to expanding office parks. Near the end of 2024, professional and business services positions hit a record-high total, with office-using roles comprising nearly 28 percent of the metro's workforce. The metro overall draws a diverse influx of residents with an average rent almost $250 below the national average, as well as with abundant job opportunities. This widespread appeal fuels demand for Class B and C units, supporting minimal overall vacancy in the long run despite the surge in construction activity.

Investors widen parameters amid corporate relocations and steady demand. Charlotte's multifamily investment landscape has evolved as mean per-unit prices declined. Local investors have increased their share of transactions, enticed by more accessible investment costs. They often target areas like South End and Woodford Green in Southwest Charlotte, where younger demographics and low vacancy rates offer promising returns. Similarly, suburbs like Gastonia and Pineville-Matthews — boasting some of the metro's highest cap rates and lowest entry costs last year — attract private capital seeking value-add opportunities. As the metro's robust growth prospects drive strong rental demand, the area could see more institutional investors in 2025. Corporate manuevers, such as the Six Flags merger, Cedar Fair's headquarters move and Vanguard's consolidation in University City, may enhance investment appeal, especially for Class A assets.

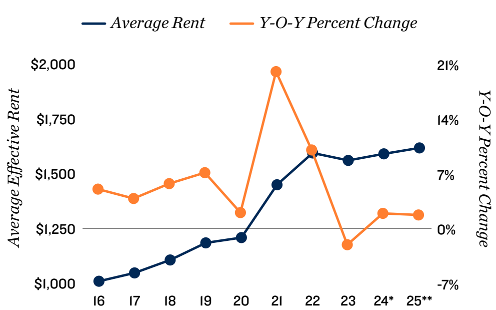
Employment Trends



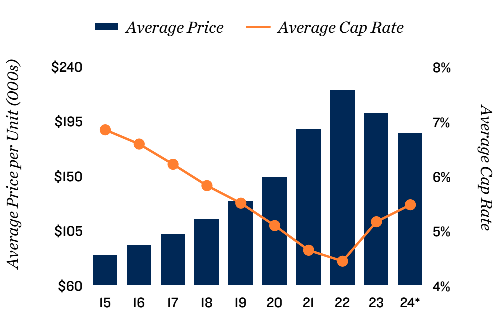
Supply and Demand



Rent Trends



Sales Trends



*Estimate; **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2025 MARKET FORECAST

NMI RANK 21 — ***Strong household formation and steady employment growth help Charlotte maintain a mid-range position in the Index.***

+1.4% — **EMPLOYMENT:** Employers are set to add 20,000 net new roles in 2025. While expanding by a faster pace than the U.S. overall, this year will mark a shortfall relative to the metro's 2.2 percent average rate.

17,000 *units* — **CONSTRUCTION:** Annual stock expansion rises to a record-high 7.1 percent. Southwest Charlotte is slated to receive the most units at over 3,500, followed by the Huntersville-Cornelius area at 2,400.

+60 bps — **VACANCY:** This year's heavy supply surge will exceed the pace of absorption, driving vacancy to its highest level in over a decade. By year-end, the metro's rate will hit 7.9 percent.

+1.7% — **RENT:** Rent growth is projected to slow considerably following last year's near 2 percent gain. By the end of 2025, the average monthly payment in Charlotte will reach $1,613.

INVESTMENT: *Record deliveries this year may create opportunities to acquire institutional-grade assets. Private investors, meanwhile, hone in on areas with lower entry costs, such as in Far East Charlotte and Gaston County.*

Limited New Supply Sustains Market Momentum; Private Investors Lead Transaction Activity

Chicago's easing supply-side pressures strengthen market outlook. The metro ended last year with the fewest construction starts since 2014, which bodes well for the development slowdown already taking shape this year. Supply remains particularly tight in the Hyde Park-South Shore area and in the north side neighborhoods from Uptown north to Evanston, where vacancies decreased in 2024. Neighborhoods in the West Loop and River North have seen a steady influx of young professionals attracted by new jobs in technology and health care sectors. This has sustained low vacancy and driven rent growth in these submarkets. Despite a recent population decline, the multifamily sector has demonstrated resilience. Notably, the city's investment in public transportation expansions has improved connectivity, making more areas attractive for residents. These drivers provide an optimistic outlook on Chicago's ability to navigate through a more moderate economic growth cycle this year.

Strong Class C rent growth draws private investors amid institutional hesitation. With a mean annual effective rent growth rate of 4.2 percent — above the national average — the metro has drawn attention from institutional investors, mainly toward Class A assets. However, concerns about flattening household growth and rising real estate taxes may still deter some groups. This has opened opportunities for historically active private investors, as bidding for assets remains limited. Leveraging knowledge of local market nuances, these investors are showing interest in Class C apartments in places such as South Shore and Rogers Park, where vacancy tightened last year. Largely shielded from new supply pressures, the average effective Class C rent grew by over 5 percent in 2024 — the largest increase among all classes. This strong rent growth suggests attractive cash flow for investors focused on workforce housing or value-add opportunities.

2025 MARKET FORECAST

NMI RANK 24 *Low vacancy and climbing rents elevate Chicago's Index rank despite weaker household growth and employment gains.*

+0.4% **EMPLOYMENT:** Following a notable pullback in hiring last year, the pace of employment growth in Chicago ticks up in 2025 and will be just under the metro's long-term average of 0.6 percent.

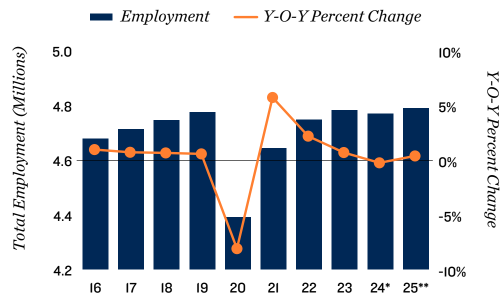
4,300 *units* **CONSTRUCTION:** Builders will complete the fewest number of units within a calendar year since 2015. This step back to 0.6 percent year-over-year stock growth will help existing inventory,

-20 bps **VACANCY:** Already below-average vacancy further constricted in the latter part of 2024. This trend will persist into the coming year as a slowdown in construction pushes vacancy down to 4.5 percent.

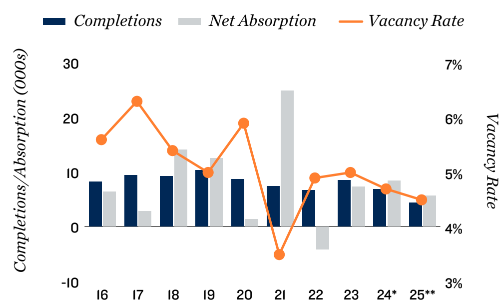
+4.2% **RENT:** Amid a year of decreasing vacancy, the pace of rent growth continues upward in 2025. This year's gain lifts Chicago's average effective rate to $2,137 per month as a result.

INVESTMENT: *The Northwest Side Preservation Ordinance, which raises demolition surcharges to $20,000 per unit or $60,000 per building and grants tenants the right of first refusal, may sway redevelopment strategies.*

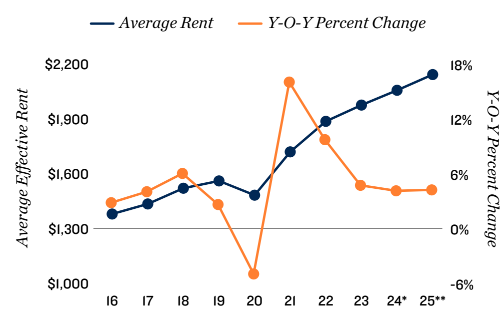
Employment Trends



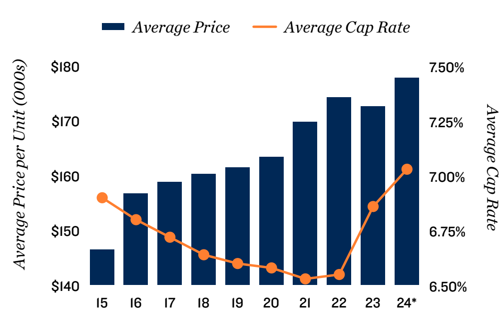
Supply and Demand



Rent Trends



Sales Trends



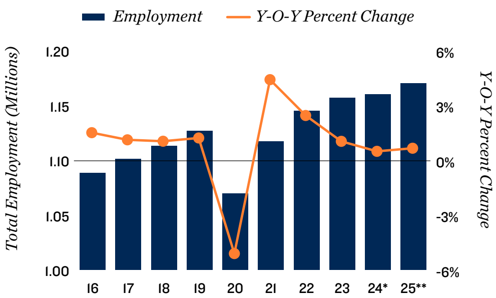
** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

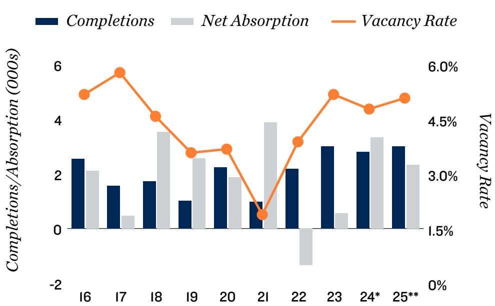
CINCINNATI

Growing Suburbs and New CBD Development Boost Cincinnati's Rental Appeal

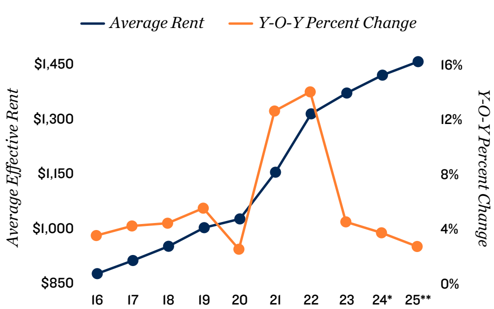
Employment Trends



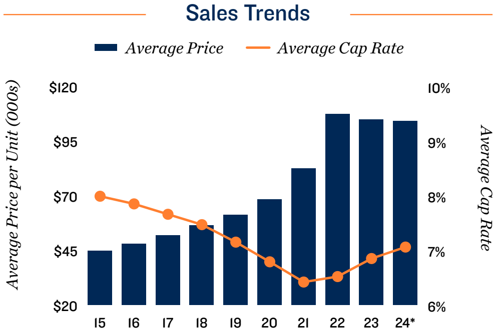
Supply and Demand



Rent Trends



Sales Trends



*Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Suburban rent growth uplifts market; Covington project a mixed blessing. In 2024, Cincinnati rose into the top 10 markets for year-over-year rent growth, one of the few Midwest metros to achieve this ranking. These gains were mainly driven by rising rents in the suburbs. Deliveries in areas such as Southeast Cincinnati and Butler County are expected to rise in 2025, leading rent increases to align closer with pre-pandemic norms over the short-term. New supply will also impact Cincinnati's CBD, with the Covington Central Riverfront project being one of the hardest hitters. The redevelopment of the former IRS site into a mixed-use development — including offices, housing and educational institutions — is set to add over 250 residential units to the market, roughly 2 percent of the CBD's total stock. This project's near-term construction phase is unlikely to substantially affect local fundamentals in 2025, however. It may also stimulate demand long-term as it contributes to urban revitalization.

Private investors target smaller assets while institutions stand by. High interest rates in 2024 slowed transactions over $20 million, which saw a roughly 70 percent decrease compared with the previous year. Institutional investors, although not the most common buyer profile, were notably absent as they awaited better conditions. Recent top sales ranged from $1 million to $4 million, with private investors targeting value-add opportunities to take advantage of Cincinnati's strong Class B and C rent growth. Most trades involved assets in those segments under 40 units in areas like North Hampton, which offer cap rates in the high-6 percent to low-8 percent range. Moreover, reforms eliminating single-family-only zoning has expanded multifamily development possibilities citywide; at the same time, the motivation to wait for lower interest rates is dissipating. This dynamic may increase buyer competition for new assets in the near future.

2025 MARKET FORECAST

NMI RANK 48 — ***An increase in vacancy, coupled with slow employment growth, places Cincinnati in the lower echelon of the NMI this year.***

+0.7% — **EMPLOYMENT:** Total employment in Cincinnati will climb by 8,000 positions in 2025, up from last year's pace of growth. This year's total headcount will sit about 5 percent above the 2019 year-end tally.

3,000 *units* — **CONSTRUCTION:** For the third year in a row, completions surpass 2,500 units, growing metro stock by 1.8 percent in 2025. Central Cincinnati and Butler County expect the greatest volume of new units.

+30 bps — **VACANCY:** Amid a period of high construction activity, vacancy will increase to 5.2 percent this year, standing below the long-term average. This measure is comparable to the 2015–2019 mean.

+2.6% — **RENT:** The rate of rent growth will ease from last year, with the metro's average effective monthly payment ending 2025 at $1,452. This is nevertheless higher than Cleveland or Columbus.

INVESTMENT: *Properties proximate to the University of Cincinnati in areas like Corryville and Clifton Heights may garner increasing investor interest in 2025 as the school's enrollment grows.*

New Projects Aim to Boost Downtown Appeal; Investors Capitalize on High Yields and Low Entry Costs

Strong suburban performance in Cleveland may be joined by downtown resurgence. Aided by limited new supply, six of Cleveland's nine suburban submarkets saw vacancies below 5 percent heading into 2025. Availability is higher in the closer-in submarkets, however, as the gap between local and downtown rents has narrowed. Pressure in these submarkets near the CBD has led to an overall suburban vacancy rate that was 100 basis points above the ten-year average of 4.6 percent exiting last year. Downtown Cleveland's vacancy rate neared 10 percent at the end of 2024, but major projects like Sherwin-Williams' new headquarters and the $3.5 billion riverfront development will likely boost long-term downtown housing demand. Development may have the opposite effect on the adjacent East Cleveland submarket. As the most active multifamily construction area outside of downtown — with about 700 units delivering in 2025, or one-third of market additions — the submarket entered this year with one of the highest local vacancy rates.

Cleveland's nationally high yields and low prices entice investors. In 2024, the metro claimed the second-highest average cap rate and the second-lowest mean per unit sale price among major U.S. markets, underscoring its yield and entry cost advantages over other cities. This is attracting more out-of-state investors seeking and will likely keep buyers active in 2025. Class C apartments, insulated from new supply, continue to perform well. A vacancy rate of 4.8 percent in late 2024 — 80 basis points below the national average — signals strong demand for lower-cost housing, with positive net absorption expected this year. Sales data shows both out-of-state and local investors are targeting Class C assets, especially in stable submarkets like South Cleveland. Here, limited development has created pent-up demand, leading new additions to be quickly leased. This will keep the vacancy rate under 4 percent, well below the market average.

2025 MARKET FORECAST

NMI RANK 50 — ***Elevated completions amid minimal household growth place Cleveland low on the Index relative to other metros.***

+0.9% — **EMPLOYMENT:** Cleveland is set to add a modest 10,000 roles on net in 2025. This gain brings the metro about 400 positions above its all-time high job count, which was recorded in February 2020.

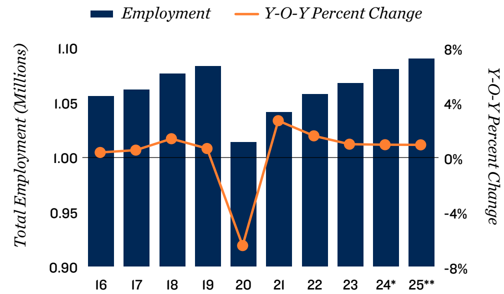
1,800 *units* — **CONSTRUCTION:** Deliveries will reach their highest level since 2018, as inventory expands by 1.0 percent this year. Nevertheless, Cleveland has the smallest delivery slate among major Ohio markets.

+20 bps — **VACANCY:** Cleveland's vacancy rate will remain below the long-term average in 2025. Even so, new builds surpass the number of units absorbed on net, pushing the metric up to 5.8 percent.

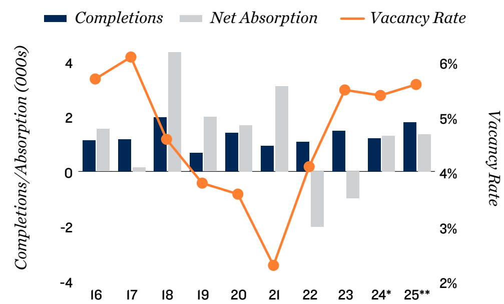
+3.0% — **RENT:** The metro's 15-year streak of annual rent growth will continue in 2025. The average effective rent shifts up to $1,320 per month, which is 21 percent higher than the 2021 mean.

INVESTMENT: *Cleveland's 2024 form-based zoning code overhaul simplifies development, boosting multifamily and mixed-use investment opportunities in high-potential areas like Detroit Shoreway and Hough.*

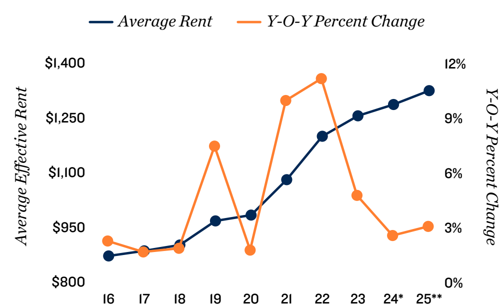
Employment Trends



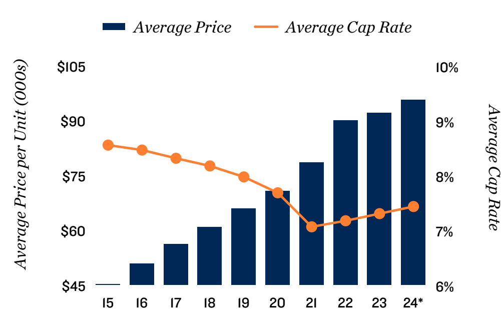
Supply and Demand



Rent Trends



Sales Trends



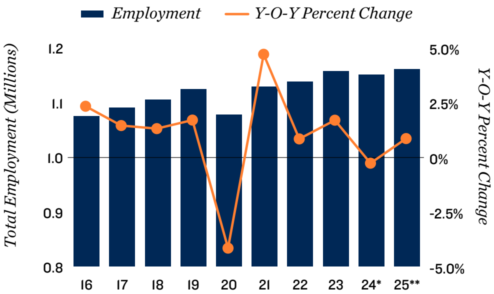
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

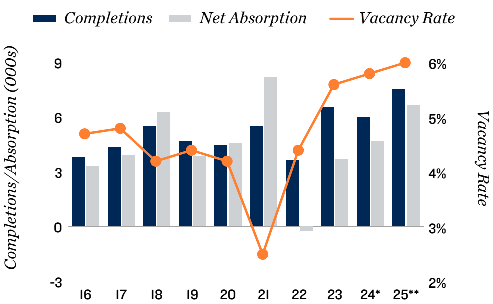
COLUMBUS

Tight Conditions and Growing Rental Demand Poised to Heighten Competition for Columbus Investments

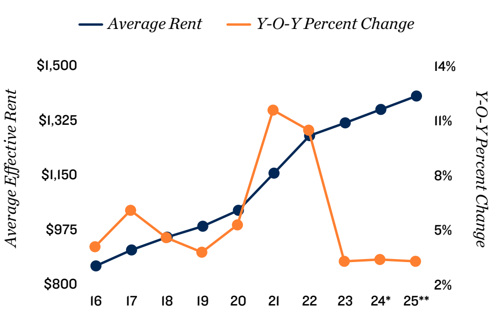
Employment Trends



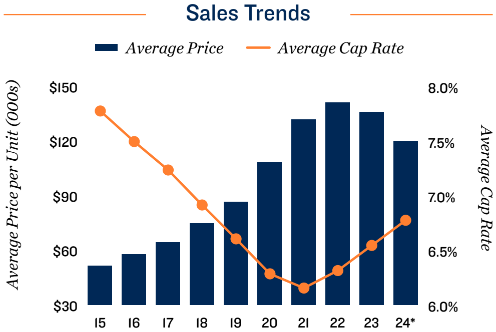
Supply and Demand



Rent Trends



Sales Trends



*Estimate; **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Affordable lifestyle attracts young professionals. Columbus's low cost of living and expanding job market will drive one of the largest population growth rates among major Midwest metros this year. Northern areas such as New Albany are experiencing a notable influx of residents, spurred by the construction of Google and Amazon's new data centers, along with Intel's manufacturing plant. A growing logistics presence in southern neighborhoods like Lincoln Village and the opening of Honda's battery factory this year, 30 miles southeast of Columbus proper, should also attract residents. Developers have pursued these economic centers, becoming most active in affluent northern suburbs like Dublin and Westerville. That said, property fundamentals here should remain sturdy, as a record number of completed units in the area last year failed to raise vacancy above 5 percent, supporting rent growth around 4 percent. In contrast, vacancy in the city center climbed to over 7 percent last year, stalling rent gains — a trend likely to persist with over 2,000 units set for delivery this year. Nevertheless, projects like the city's $8 billion transit infrastructure investment could enhance the CBD's long-term rental appeal.

Youthful submarkets draw investors. Between supply overhangs in many Sun Belt markets and stricter building regulations on the coasts, the Midwest is expected to remain a balanced option for investors. Last year, as affluent residents drove demand for modern apartments, buyers favored recently built or renovated complexes in Columbus. First-ring suburban properties often sold near $225,000 per unit, while those outside the Interstate 270 Beltway went for under $200,000 per unit. Despite slower rent growth for higher-tier urban assets, private buyers will likely remain active in the core, spurred by Class C rent growth above 7 percent last year. Olde Towne East and areas near Ohio State University, where smaller complexes traded near $125,000 per unit last year, also remain active.

2025 MARKET FORECAST

NMI RANK 31 — *Columbus ranks near the middle of the Index, as an elevated delivery pipeline will counteract stable household formation.*

+0.9% — **EMPLOYMENT:** Total employment expands by 10,000 roles this year, after a net decline last year. Renewed hiring in the construction and office-using sectors is expected to lead job creation.

7,500 *units* — **CONSTRUCTION:** Completions reach an all-time high this year, raising inventory growth to 3.6 percent — the fastest year-over-year pace among major Midwest metros and eighth nationwide.

+20 bps — **VACANCY:** Vacancy rises slightly to 6.0 percent, aligning with the national average. This increase mirrors 2024's pace, a notable contrast to the 310-basis-point jump noted during the prior two years.

+3.2% — **RENT:** Rent growth moderates amid rising vacancy, as the metro's average effective rent reaches $1,397 per month. This year's gain roughly aligns with the long-term average increase of 3.4 percent.

INVESTMENT: *Growing business hubs providing high-paying roles in Dublin and New Albany may attract investors to nearby Class A assets, which reported lower vacancy than Class B units last year, fueling strong rent growth.*

Dallas-Fort Worth's Status as the Country's Forerunner for Expansion Supported by Robust Demographics

Sturdy renter base supports demand for another influx of new units. The metro will lead the country in completions this year. Submarkets on the far north end of the metro will receive the bulk of these deliveries, led by the Allen-McKinney area, where over 8,000 new units will be added by year-end. Offsetting this robust supply addition is the top household formation rate in the nation, as 67,600 new households will be formed here in 2025. Many young professionals are flocking to Dallas-Fort Worth to join a growing job market backed by multiple Fortune 500 companies headquarters, including AT&T, Charles Schwab and Southwest Airlines. Composing nearly one-third of local employment, traditionally office-using jobs support demand for luxury apartments. Last year, Class A vacancy declined marginally despite a record number of new apartments coming online. Dallas enters 2025 with slightly lower vacancy than Fort Worth in the luxury segment, even with triple the inventory size. As supply additions wane, Class A vacancy will begin to fall back toward the 10-year average in the five percent band.

Metroplex home to a wide variety of investment opportunities. Given strong Class A property performance in the face of substantial supply pressure, investors may show heightened interest for luxury apartment listings this year. Buyers have previously targeted East Dallas due to its relatively lower price points and an average effective rent that was growing quickly prior to 2024. Class A trading has lagged during the last two years while some buyers hanged back due to high interest rates. Should borrowing costs fall, this trend may be reversed. Investors interested in Class C apartments, meanwhile, may continue to target East Dallas, which entered 2025 with a segment vacancy rate below 3.0 percent. Trades here over the last four years have involved older properties that varied widely in size — an indication of a diverse buyer pool.

2025 MARKET FORECAST

NMI RANK 2 — ***A top-10 ranking for both employment and household growth earns Dallas-Fort Worth a premier NMI ranking.***

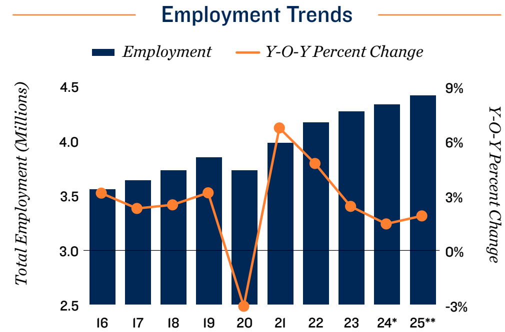
+1.9% — **EMPLOYMENT:** Local employers will lead the nation in hiring, outpacing the previous year's job creation total as 82,000 roles are added. Office-using employment gains will triple 2024's metric.

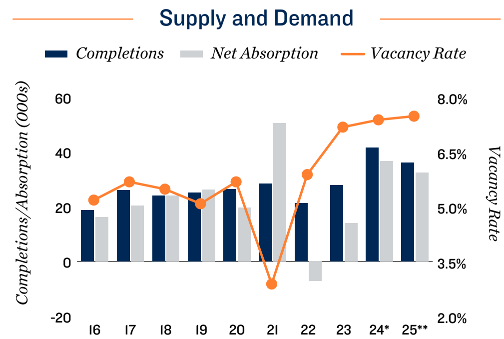
36,100 *units* — **CONSTRUCTION:** Inventory expands by 3.7 percent this year, lifting the total stock to over one million units. The market will rank as the third largest in the country for total existing units.

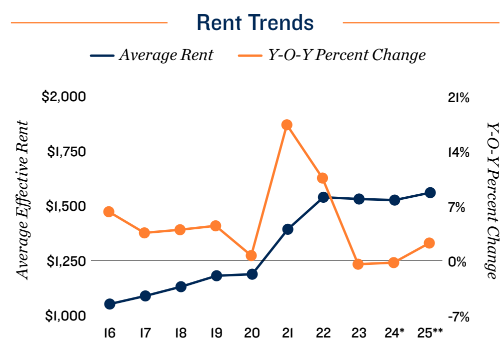
+10 bps — **VACANCY:** As supply additions slightly outpace demand for the fourth-consecutive year, vacancy inches up to 7.5 percent. This minor increase is underpinned by a second year of excellent net absorption.

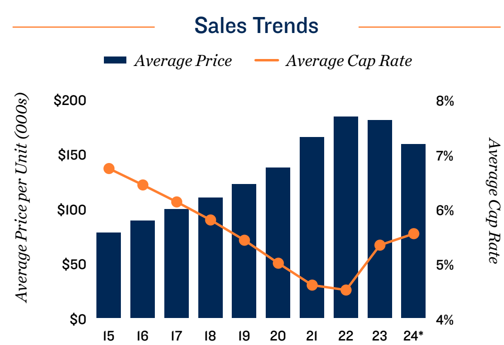
+2.2% — **RENT:** The market's average effective rent will surpass the 2022 high this year, as the rate reaches $1,555 per month by year-end. This growth will be spearheaded by the Dallas side of the Metroplex.

INVESTMENT: *Apartments in downtown Dallas close to large-scale developments, such as The Union and Kay Bailey Hutchison Convention Center, may attract additional renters with a higher amenitized community.*









* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

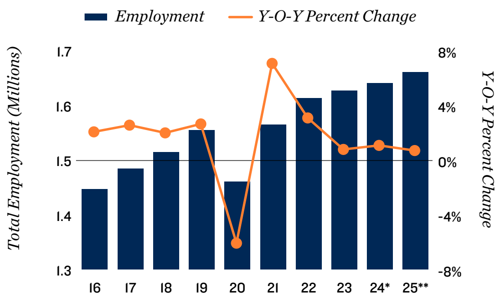
DENVER

Moderating Construction Bolsters Market as Denver Tailwinds Emerge

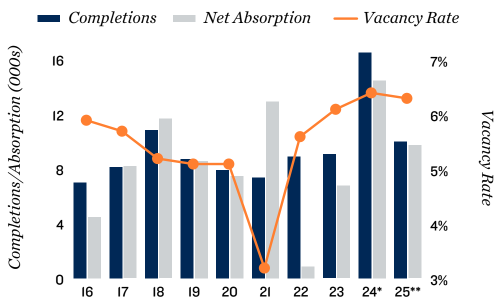
Pullback in development opens the door for improved fundamentals. After setting a local record for completed units in 2024, developers will deliver substantially fewer units in Denver this year. Elevated financing and construction costs are a key factor, but slackening rent growth and elevated vacancy rates also play a role. As a result, suburban areas like North Aurora and Northeast Denver near Montbello will see completions decline by more than 80 percent compared with last year, with similar drops in Thornton and Highlands Ranch. In contrast, deliveries will remain historically elevated in neighborhoods near Downtown, such as River North and Capitol Hill. However, slowing construction starts — partly driven by the Expanding Housing Affordability Ordinance of 2022, which mandates affordable units in all new projects within the city of Denver — signal easing future supply infusions. In the meantime, demand for urban living from both in-place and new residents should aid leasing. Last year's record net in-migration is expected to sustained household formation in 2025. Renewed hiring in the high-paying tech sector will also support luxury rental demand, delivering modest vacancy compression and rent growth metrowide.

Buyer competition set to heat up in the city center. As new apartments in the downtown area stabilize, investment activity is expected to increase. Barriers to future development provide tailwinds for existing assets, while the influx of recently delivered projects may limit sales price growth. With the rapid rise in construction costs, this environment should provide appealing opportunities to enter the market below replacement costs. Additionally, improved fundamentals and looser monetary policy may unlock private buyer demand. Legislation aimed at attracting renters downtown should also help. This includes a $500 million investment made in May 2024 to revitalize the 16th Street Mall and fund mixed-use projects, as well as efforts to clear and maintain spaces for displaced people.

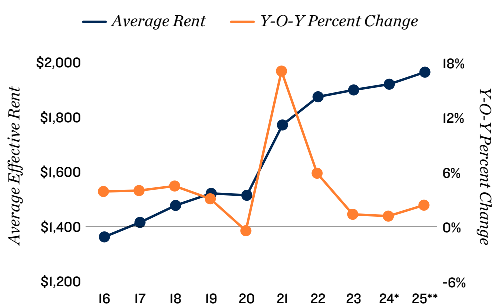
Employment Trends



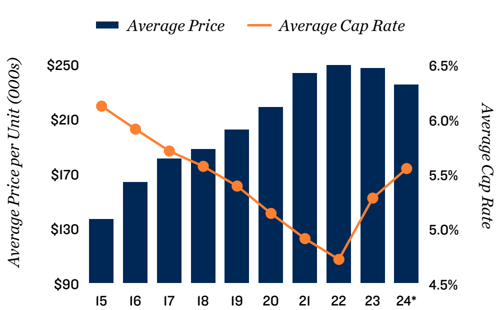
Supply and Demand



Rent Trends



Sales Trends



2025 MARKET FORECAST

NMI RANK 27 — *High net in-migration is offset by a supply overhang that limits rent growth, positioning Denver in the middle of the rankings.*

+0.7% **EMPLOYMENT:** Hiring in Denver is expected to stay relatively close to the progress observed in late 2024. Annual job growth, however, will stay below the metro's long-term average of 1.9 percent.

10,000 *units* **CONSTRUCTION:** Inventory growth will fall sharply from the prior year's record pace of 5.0 percent; nevertheless, total supply additions will mark the third-highest year-end total since at least 2000.

-10 bps **VACANCY:** Steady job gains and fewer deliveries will ease vacancy pressure, allowing Denver's rate to fall for the first time since 2021 to 6.3 percent — just 30 basis points above the metro's long-term mean.

+2.3% **RENT:** The metro's average effective rent reaches $1,960 per month, rising at the fastest pace in three years. Still, historically high concession usage will keep growth below the long-term mean of 3.7 percent.

INVESTMENT: *Convenient transit access and high-skill job offerings make the Denver Tech Center a key investment target. The area's below-average vacancy and relatively high effective rents should heighten buyer competition.*

* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Despite Additional Development, Detroit Delivers Sustained Revenue Gains

Record apartment openings test the market amid shifting renter trends. While developers will deliver a record 2,700 units in 2025, overall vacancy will only inch up slightly. With over 80 percent of Detroit's apartments built before 2000 — above the national share — options for newer units are relatively limited. Overall occupancy levels are supported by a generally strong labor market, as unemployment enters this year below the past-decade average of 5.2 percent. Ford's new Mobility Innovation District in Corktown is expected to ultimately create 5,000 jobs, bolstering renter demand in nearby downtown and surrounding suburbs. Meanwhile, rising living costs are shifting some renters toward lower-priced suburban locales — a trend noted by some developers. After experiencing one of the largest vacancy drops last year, Southfield is slated to receive 1,500 new apartments in 2025, significantly more than average. This will test the submarket's ability to absorb new supply. More broadly, Detroit's historically less active development record will help sustain below-trend vacancy rates.

Value-add Class B and C assets hold focus amid changing market dynamics. Over the past three years, Detroit's investment sales landscape has remained steady, particularly for Class B and C properties. Out-of-state, yield-driven investors have been drawn to the metro's higher cap rates compared with their home markets. East Detroit recorded the most trades, as its stock of non-luxury apartments appeals to risk-tolerant buyers seeking high return potential — a trend likely to continue into 2025. The proposed Land Value Tax Plan could further stimulate investment by reducing property taxes on renovated buildings, encouraging value-add strategies. In contrast, Class A trading has slowed, as institutional buyers remain cautious amid economic headwinds. Nevertheless, the record supply influx should present more opportunities for modern assets.

2025 MARKET FORECAST

NMI RANK 47 — *Elevated new supply amid subdued household and employment growth places Detroit toward the lower end of the Index this year*

+0.5% — **EMPLOYMENT:** Job creation momentum will carry over from last year, as a net 10,000 positions are added to Detroit's total employment base by December 2025.

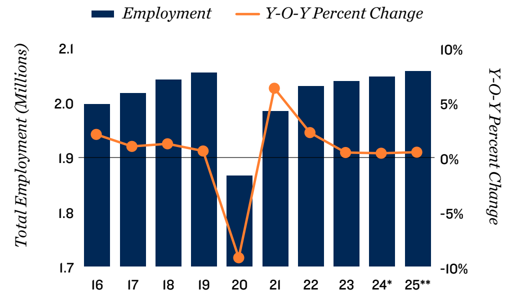
2,700 *units* — **CONSTRUCTION:** This year's delivery volume will be the highest since at least 2000. Even so, total inventory will still expand by just 1.0 percent in 2025, below the national pace of 2.1 percent.

+10 bps — **VACANCY:** Moderate inventory expansion and stable job growth will inch vacancy up to 5.3 percent by year-end, which is a considerably weaker rise than in 2022 and 2023.

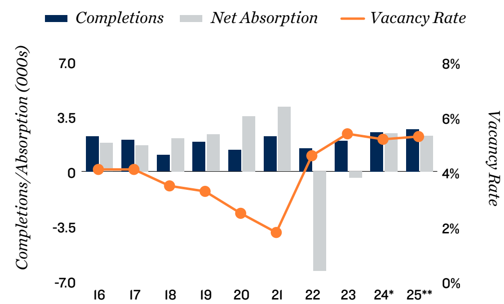
+3.0% — **RENT:** Steady net absorption drives a second-straight year of rent growth above 3 percent, as the metro's average effective rate reaches $1,371 per month — still among the most affordable in the Midwest.

INVESTMENT: *Large-scale revitalization projects in the CBD — like the $2.5 billion New Center development — aim to enhance downtown, potentially redirecting interest toward urban assets with long-term growth prospects.*

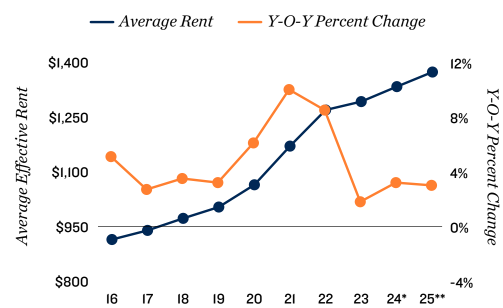
Employment Trends



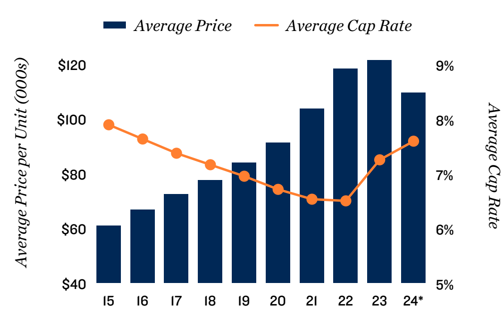
Supply and Demand



Rent Trends



Sales Trends



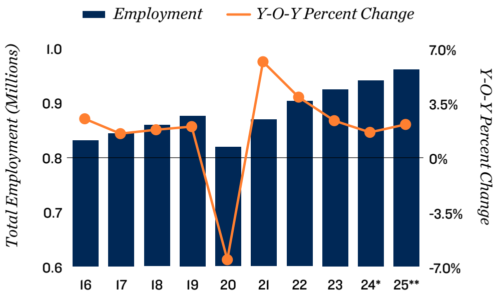
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

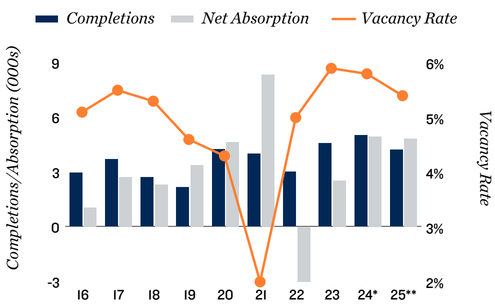
FORT LAUDERDALE

Investors Expected to Re-Engage Urban Assets as a Growing Renter Pool Tightens Market

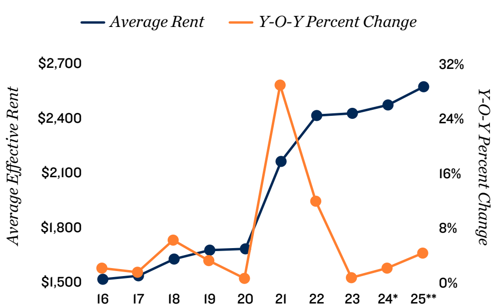
Employment Trends



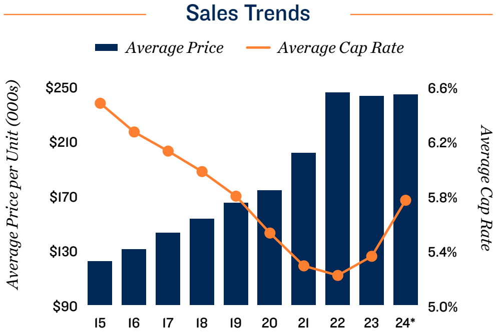
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Improvements in tourism-related hiring lift rental demand. With a lower cost of doing business than Miami, Fort Lauderdale's workforce will grow by over 2 percent in 2025 — the fastest pace in Southeast Florida and sixth among major U.S. markets. With Disney homeporting a second ship this year and the completion of a $1.3 billion expansion of Broward County Convention Center, job opportunities are emerging in the metro's tourism industry. Firms like the aerospace company CTS Engines will also create high-paying roles outside this sector, while employers seeking talent amid a tight labor market will keep in-migration elevated by recruiting from outside the metro. Moreover, high home prices are likely to steer many of these new residents to apartments, fueling demand for the over 4,000 units slated for delivery in 2025. New supply mainly consists of projects in downtown Fort Lauderdale, Hollywood and Pompano Beach. Inventory growth will only slightly outpace the 10-year average of 1.8 percent, however, due to natural land constraints. As a result, new Class A apartments should generally be well received, though the Class C sector is poised to outperform amid growing renter demand for lower-cost housing.

Investors drawn to infill neighborhoods. Expectations for strong job growth and steady in-migration are likely to keep investors active in Fort Lauderdale, with the metro's regionally lower pricing serving as an additional attractant. Buyer competition for listings in urban environs is set to grow, specifically in Hollywood where renter demand for luxury apartments is rising. Here, Class A occupancy and rents increased last year, driven by proximity to the beach and a vibrant arts and culture scene around Young Circle. The revitalization of Pompano Beach's entertainment district should also draw investors, as the area's relative affordability contributes to the tightest vacancy among metro submarkets. Class C complexes could see the highest demand, as local lower-tier vacancy is under 3 percent.

2025 MARKET FORECAST

NMI RANK 6 *A fast-growing economy and moderate inventory growth supports Fort Lauderdale's ranking near the top of the Index.*

+2.1% — **EMPLOYMENT:** The metro adds 20,000 jobs in 2025, up from last year. By December, total employment will have climbed by nearly 7 percent since the end of 2022, leading major Florida markets.

4,200 *units* — **CONSTRUCTION:** Local stock grows by 2.0 percent this year — a slower pace than Miami-Dade. Still, completed units in Fort Lauderdale during 2025 represent the fourth-highest total on record.

-40 bps — **VACANCY:** Steady job gains will help vacancy fall to 5.4 percent by year-end. This marks the second-straight year of tightening, following a 390-basis-point increase during the 2022–2023 span.

+4.1% — **RENT:** The average effective rent reaches $2,563 per month by year-end, rising at the fourth-fastest pace among major U.S. metros. In Florida, only Orlando and West Palm Beach record higher growth.

INVESTMENT: *Rising insurance costs, assessment fees and reserve requirements may prompt some condo owners to transition to renting, potentially attracting investors to the urban core via increased apartment demand.*

Houston's Sizable Corporate Roster Backstops Job and Household Creation, Aiding Local Apartments

Pullback in deliveries and standout in-migration allow for modest vacancy shift. Following Chevron's relocation to Houston, a total of 24 Fortune 500 companies are now headquartered in the metro, driving economic activity and a strong labor market. This is the third-highest total among major U.S markets, behind New York and Chicago. Coupled with a regionally low cost of living, Houston is on track to see the second-largest net in-migration wave among U.S. metros in 2025 at roughly 100,000 new residents. Against a backdrop of fewer apartment deliveries, multifamily fundamentals across most of Houston's 33 submarkets are likely to hold ground over the near term. The Rosenburg-Richmond and Sugar Land-Stafford areas, however, may stand out from this group. Both areas recorded vacancy compression last year despite adding a sizable number of new units. With local delivery slates in 2025 expected to notably trail last year, further declines in vacancy could lie ahead. Katy and the Spring-Tomball area could see a similar dynamic, as fewer apartment deliveries are expected amid continued population growth.

Attractive demographic tailwinds foster a diverse investor pool. Offering active buyers the lowest entry costs and highest cap rates among major Texas markets, Houston may attract a larger number of upside-seeking investors in 2025 as more capital comes off the sidelines. Submarkets within Beltway 8 should garner attention, as renter demand for rentals proximate to key employment hubs is poised to rise. As such, listings on the outer edges of the Inner Loop, including the stretch from Montrose to South Central Houston, may continue to pique investors' interest amid the region's smaller 2025 delivery slate. Non-local in-state buyers may focus on areas beyond Beltway 8 such as Northwest Houston, where larger Class B properties accounted for the bulk of trading last year. A lower delivery slate within and outside of Beltway 8 will likely aid operations.

2025 MARKET FORECAST

NMI RANK 5	*Houston earns a top 10 spot in the NMI for strong net in-migration and job creation amid easing supply pressures.*

+2.0% **EMPLOYMENT:** Local employers will add 68,000 jobs on net in 2025 — a slight uptick from 2024's gain and the second-largest labor expansion of any major market this year.

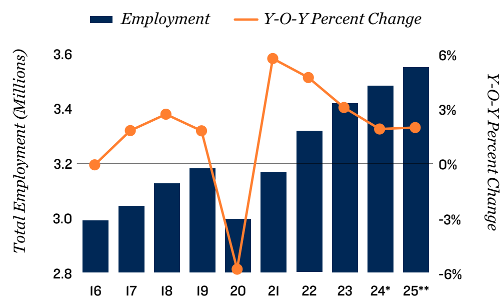
15,800 *units* **CONSTRUCTION:** The lowest delivery total in three years will set inventory growth at 2 percent. The Conroe-Montgomery County and Cypress-Waller areas will see the most arrivals among submarkets.

+10 bps **VACANCY:** While vacancy is expected to rise for a fourth-straight year to 7.5 percent, the change from last year is minor. The metro will tie with Dallas-Fort Worth as the least vacant major Texas market.

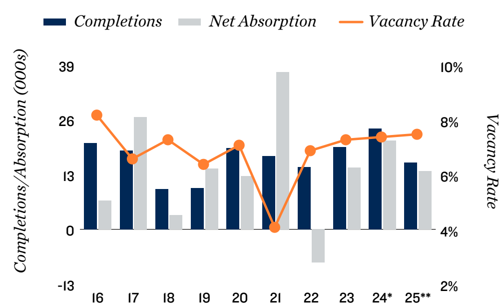
+3.1% **RENT:** Despite the slight bump in vacancy, in-migration and employment growth will support upward rent momentum, pushing the metro's average up to a new high of $1,416 per month.

INVESTMENT: *More investors may target listings in suburbs west of Interstate 610, including in the Gulfton and Westbury area. Here, vacancy is among the lowest metrowide, with recent rent growth also above average.*

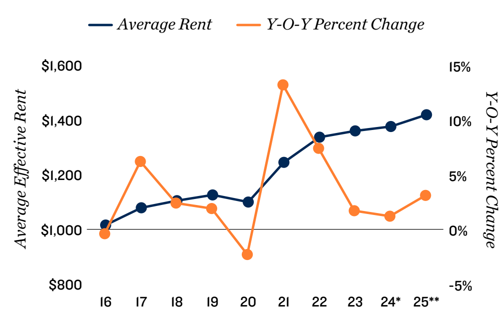
Employment Trends



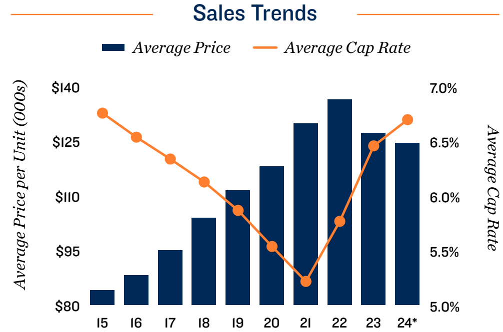
Supply and Demand



Rent Trends



Sales Trends



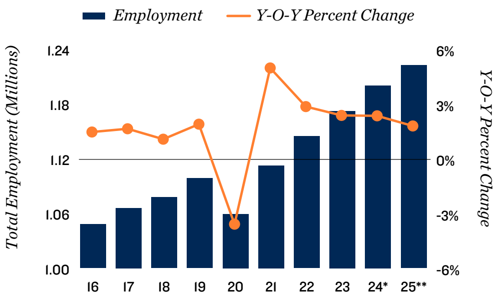
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

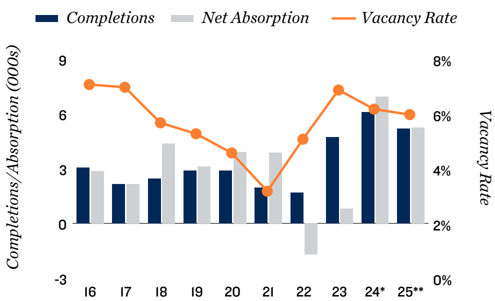
INDIANAPOLIS

Notable Affordability and Healthy Job Growth Endear Families to Indianapolis Suburbs

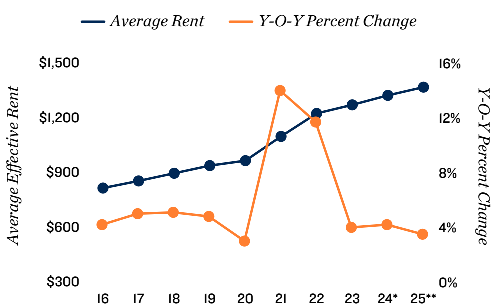
Employment Trends



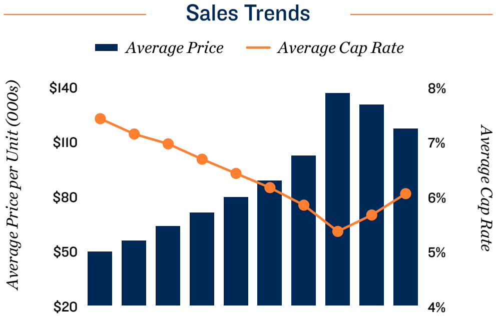
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Focused supply pressure eased by regionally strong demographics. A lower home price-to-income ratio and stronger job growth than many of Indianapolis' Midwest peers is supporting the fastest rate of population growth among the region's major markets this year. New residents, in turn, warrant recent and upcoming apartment completions. Nearly 50 percent of deliveries were in Carmel last year, followed by roughly 15 percent in the Greenwood-Johnson County submarket, both producing 10 percent year-over-year inventory growth rates. Carmel hosts one of the highest concentrations of office workers in the state, and new commitments by major firms like Eli Lilly buttress Class A and B demand. Ongoing supply pressure will weigh on rent growth here this year, however, despite strong net absorption. The Greenwood-Johnson County submarket, meanwhile, contains a cluster of logistics operations around Interstate 65 that maintains nearby demand for Class B and C units. Unlike Carmel, fewer 2025 projects here will aid rent and vacancy metrics. Supply pressure going forward will instead pick up Downtown, which may hold local vacancy near 7 percent in the short term. A lack of ample development in East, Northwest and Southwest Indianapolis should allow vacancy to keep tightening in these areas.

Key submarkets stand out to investors for each apartment class. Despite strong net absorption and healthy rent growth in the Indianapolis suburbs, the areas surrounding the CBD perimeter saw the majority of trades last year. With low entry costs providing value-add opportunities, these areas allowed non-institutional investors to acquire assets across all three apartment classes. Some of the lowest Class A vacancy rates in 2024 were in Northeast and Northwest Indianapolis, while Carmel, the Far West Suburbs and the Greenwood-Johnson County area saw notably low Class B vacancy.

2025 MARKET FORECAST

NMI RANK 26 — ***Favorable rent growth weighed against construction and affordable homeownership, place the metro center in the Index.***

+1.8% — **EMPLOYMENT:** The metro's employment base grows by 22,000 positions this year. Strong hiring in office-using fields, as well as in the leisure and hospitality sector, are expected to lead job creation.

5,200 *units* — **CONSTRUCTION:** Total inventory will grow by 2.9 percent in 2025. Supply pressure is still strong in some submarkets, with openings focused in the Carmel-Hamilton County area, followed by Downtown.

-20 bps — **VACANCY:** After declining in 2024, vacancy dips again to 6.0 percent by the end of this year. While not as high as last year, net absorption will still register the third-largest total on record.

+3.4% — **RENT:** The metro's average effective rent rises to $1,357 per month. Nevertheless, Indianapolis will log the fifth-lowest rent among major U.S. metros, above only Detroit and Louisville in the Midwest.

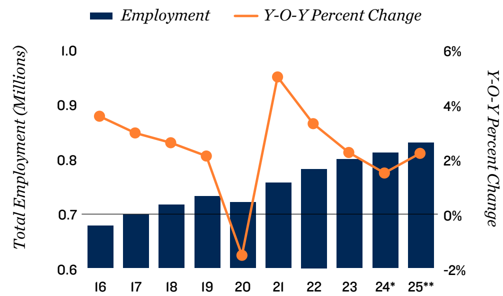
INVESTMENT: *The area between the Speedway and Eagle Creek reservoir saw a number of trades last year. Investors may be keying in on the low construction and moderate rent growth noted in the inner suburbs.*

Employment Anchors Aid Steady Population Growth; Existing Rentals Benefit From Construction Slowdown

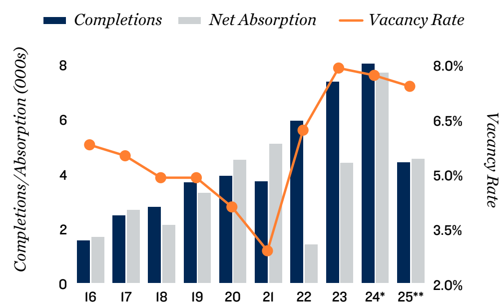
More skilled trade workers help improve demand for newer units. Jacksonville's pace of employment growth is projected to rank near the top nationally this year, as Florida's busiest container port by volume and the Naval Station Mayport support jobs in logistics, aviation and other fields. Both Boeing and DHL are expanding in the market, with the latter planning to open a new distribution center on the Northside, which will represent the epicenter of local multifamily deliveries this year. These new rentals should largely be well received, however, as the submarket noted a significant reduction in its Class A vacancy rate last year. While overall completions will decline in 2025, the market is still reacting to three prior years of rapid supply growth, when local apartment stock grew by more than 21,000 units. The most competitive submarkets may continue to see rents fall, albeit at a slower pace than prior years.

Receding supply growth widens pool of opportunities. As a regionally lower-cost market for multifamily housing, Jacksonville is set to absorb overflowing renter demand in 2025, with local vacancy coming into greater alignment with its long-term average. This demographic momentum may raise Jacksonville's standing among Florida-minded investors. Amid recent high interest rate conditions, a pattern had persisted favoring Class C assets in Central Jacksonville, followed by the Southside. In a more favorable lending environment, value-add investors may continue to target Class C properties in the Central submarket, while institutional investors seeking Class A complexes may focus on areas of recent supply growth like Baymeadows and Deerwood. Opportunities to acquire properties with triple-digit unit counts have historically arisen more frequently here than elsewhere in the metro.

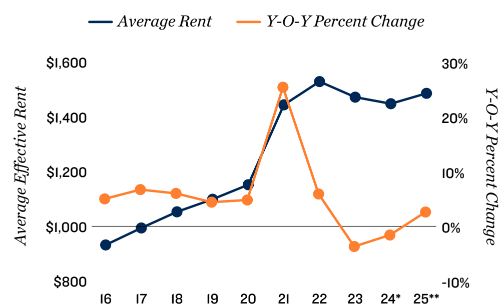
Employment Trends



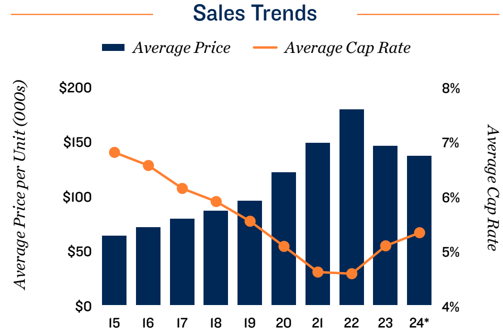
Supply and Demand



Rent Trends



Sales Trends



2025 MARKET FORECAST

NMI RANK 37 — ***High ranks in employment and household growth are offset by persisting supply pressure, leading to a spot outside the top 30.***

+2.2% — **EMPLOYMENT:** Job creation will reach a three-year high in 2025 with 18,000 new roles. The traditionally office-using sector is poised to add positions after two years of declines.

4,400 *units* — **CONSTRUCTION:** Delivery volume slows by nearly 50 percent from last year, with Baymeadows seeing a sharp reduction in construction. Still, stock growth remains historically above the 3.0 percent average.

-30 bps — **VACANCY:** Local vacancy compresses for a second-straight year. At 7.4 percent, however, Jacksonville's rate is the highest among major Florida markets.

+2.6% — **RENT:** Reaching $1,483 per month, Jacksonville remains the most affordable major metro in a state known for its low cost of living. The upward momentum in 2025 ends a two-year stretch of rent declines.

INVESTMENT: *Mandarin, which held relatively low vacancy last year amid an influx of new supply, has few completions slated for 2025. This may interest investors who feel the submarket is poised for renewed rent growth.*

* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

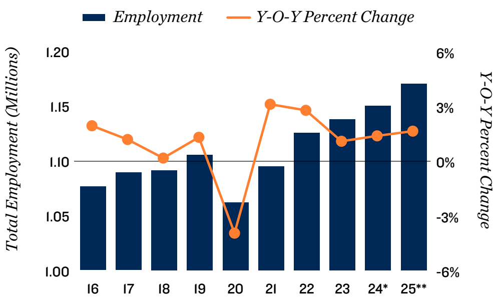
KANSAS CITY

Demand Proving Resilient Amid Heavier Arrivals; City Initiatives Aid Investment

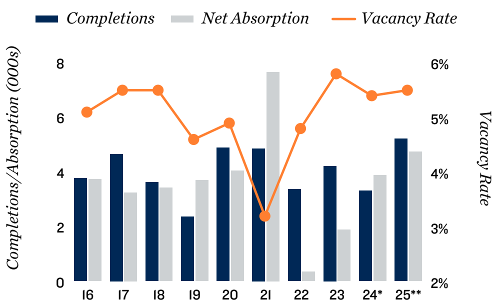
Regionally favorable demographics backstop apartment performance. Kansas City will see historic delivery volume this year, inching vacancy up and slowing rent growth compared with 2024. That said, the metro also expects the third-largest net in-migration and employment market expansion among major Midwest metros, which will help alleviate supply pressures. As a result, vacancy should stay under the 6 percent threshold and rent growth above the U.S. mean. With arrivals focused near the urban core, operations in suburban submarkets with scant 2025 pipelines are poised to hold or improve, including Olathe-Gardner and South Kansas City-Grandview. Each saw Class A vacancy decline during 2024, but the former boasted the largest increase in Class A average rent, even with the heaviest deliveries among submarkets. Corporate expansions here like SelectRx's new fulfillment center opening in the first half of 2025, along with the construction of a new entertainment hub at the Olathe Gateway, may continue to drive renter demand.

Mixed-use developments garner investor interest. Various projects aimed to enrich the city's landscape are attracting renters and investors. The Green Street development — featuring a farmers market, hotels, restaurants and apartments — will finish in the spring. Areas proximate to the project saw greater trading activity among all quality tiers in 2024 and could continue to do so this year amid renewed renter demand and urban appeal. Similar trends may emerge in urban core adjacent-submarkets near the $500 million West Bottoms revitalization and $1 billion Berkeley Riverfront redevelopment, which will add offices, apartments, retail and entertainment venues. Buyers seeking assets under 100 units close to these projects have been active in Riverview and Scarrit Point, particularly for Class C complexes. Heightened activity for these assets may also occur in regions around Lee's Summit and Grandview, where Class C vacancy declined the most last year.

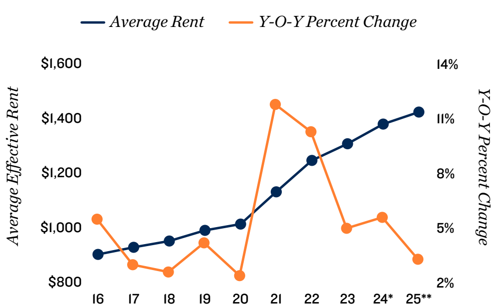
Employment Trends



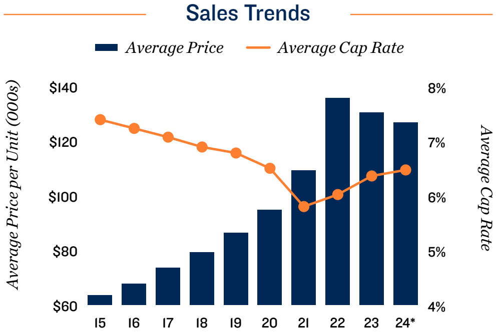
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2025 MARKET FORECAST

NMI RANK 32 — ***Favorable employment and in-migration trends place Kansas City near the mid-mark of the Index despite rising vacancy.***

+1.6% — **EMPLOYMENT:** Hiring picks up this year, lifting employment growth to 100 basis points above the annual mean from 2014 to 2024. A total of 19,000 positions will be added here over this year.

5,200 *units* — **CONSTRUCTION:** Development picks up this year, expanding inventory by 2.8 percent and exceeding the running five-year annual mean of 2.3 percent. Central Kansas City will see the most deliveries.

+10 bps — **VACANCY:** Elevated arrivals will offset gains from demand tailwinds. The vacancy rate will inch up to 5.5 percent this year, which is 50 basis points above the trailing decade average.

+3.2% — **RENT:** Rent growth will taper this year as more properties face greater competition from the large supply influx. Nevertheless, the average effective rent will reach $1,416 per month.

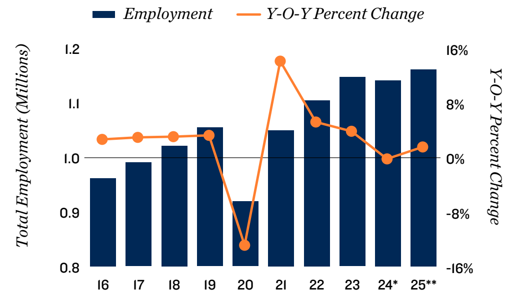
INVESTMENT: *The stretch from Olathe to Mission, where vacancy was lowest in the metro in 2024, may draw greater investor interest. Last year, non-local buyers sought sub-100 unit Class C assets close to Interstate 35.*

Inflow of New Households and Investors Lifts Apartment Fundamentals and Competition for Assets

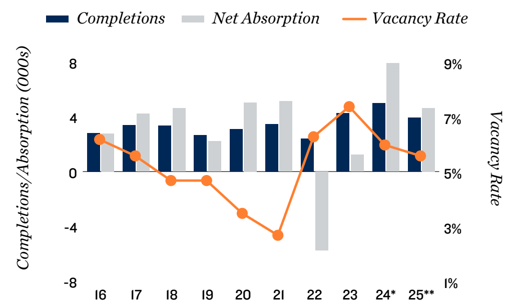
Diverse group of new residents poised to fuel demand across property tiers. Home to a growing economy and a significantly lower cost of living compared with major Southern California markets, Las Vegas will once again rank among the nation's top relocation destinations in 2025. Another influx of new residents is expected to coincide with a collection of large-scale deliveries, with the average project comprising more than 280 rentals. While sizable and likely to impact overall concession usage, near-term completions are dispersed across a greater swath of submarkets than in recent years, when additions were concentrated in Southwest Las Vegas and Henderson. This year's count of unit deliveries is forecast to trail the near-record volume of apartments that came online last year and strong in-migration will probably minimize this slate's impact on overall vacancy. Outside the luxury segment, Class B and C demand could receive a boost from the metro's growing industrial sector, whose workers have historically slotted into the renter pool. Together, these dynamics will support overall vacancy compression, allowing Las Vegas to stand out as the nation's least vacant secondary apartment market.

Metro provides buyers with wide range of investment options. The combination of Las Vegas' long-term growth prospects, a lower federal funds rate than a year ago and the wealth of sub-$200,000 per unit investment options may enlarge what is already a considerable out-of-state buyer pool. Private investors from outside the state, largely from California, will likely compete with in-state buyers for Class C assets. Home to the metro's lowest Class C vacancy rates and average rents, Central Las Vegas neighborhoods should remain a focal point. Outside investors seeking properties with triple-digit units counts should also stir activity, particularly in Summerlin, Spring Valley, North Las Vegas and Henderson.

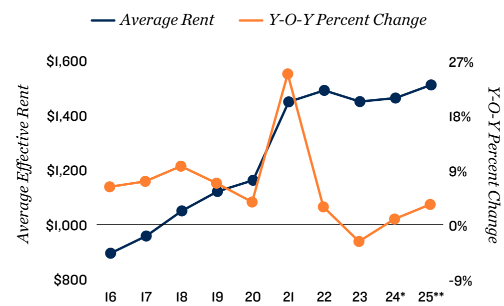
Employment Trends



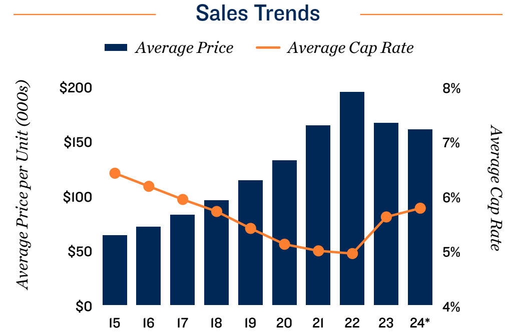
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2025 MARKET FORECAST

NMI RANK 4	*Standout household formation and renewed employment growth aid property metrics, awarding Las Vegas a top five ranking.*

+1.6% **EMPLOYMENT:** Local employers add a net of 18,000 roles during 2025, after a subdued 2024. Las Vegas' annual rate of employment growth is 50 basis points above the overall U.S. pace.

3,930 *units* **CONSTRUCTION:** Completions moderate on a year-over-year basis as local apartment inventory expands by 1.7 percent. This rate of increase lags behind that of Denver, Phoenix and Salt Lake City.

-40 bps **VACANCY:** A wave of relocations to the metro allows renter demand to outpace supply for a second-straight year, lowering vacancy to 5.6 percent — a rate 20 basis points above the prior 10-year average.

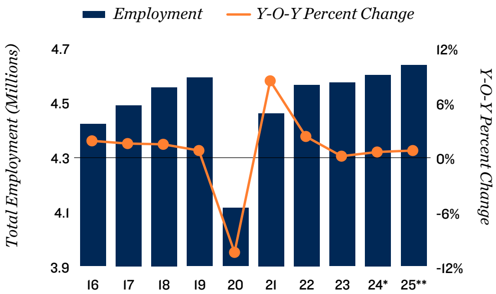
+3.3% **RENT:** Vacancy compression supports a pace of effective rent growth on par with the metro's long-term mean. At $1,508 per month, the year-end rate trails the national mark by more than $300.

INVESTMENT: *Close to Speedway and other areas of industrial expansion, apartments in North Las Vegas and Sunrise Manor may appeal to a greater number of warehouse workers, attracting investors to these assets.*

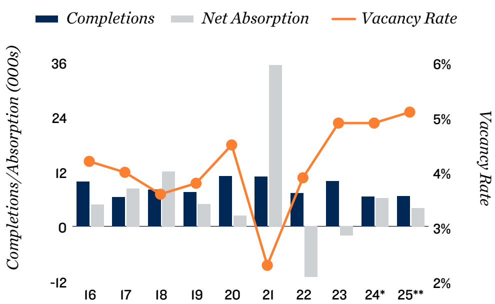
LOS ANGELES

Epicenters of Local Development Activity Shift as Developers Respond to Emerging Trends

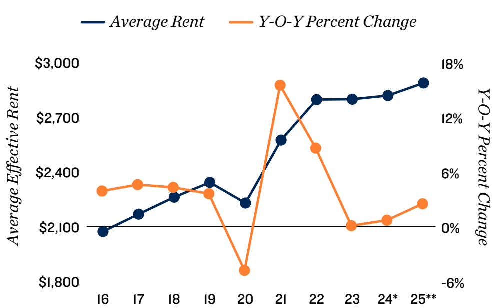
Employment Trends



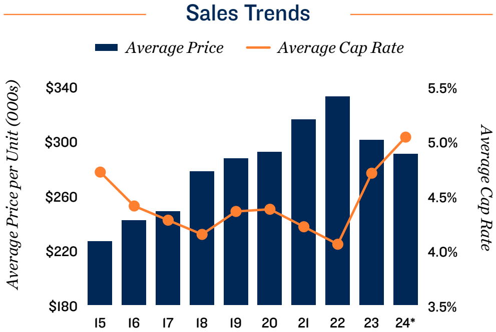
Supply and Demand



Rent Trends



Sales Trends



✧ The January wildfires could increase multifamily housing demand as displaced households seek short-term living options

** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Deliveries focused in some of the least vacant areas. After falling to 2.1 percent in early 2022, vacancy in Los Angeles rose 300 basis points over the next eight quarters. This spike prompted a pullback in multifamily permitting, dropping deliveries 1,800 units below the local average of the past 10 years. The most notable reduction will occur in the CBD, which is comprised of Downtown Los Angeles, Mid-Wilshire and Hollywood. Here, the decline is warranted, as more than 8,000 rentals were added over the prior two years — a supply wave that pushed local vacancy near 6 percent. Westside Cities will also register a noteworthy pullback in completions, with deliveries minimal in South Bay and Burbank-Glendale-Pasadena. In contrast, the San Gabriel and San Fernando valleys — home to some of the metro's lowest vacancy rates — receive a collective 3,100 units after combining for 1,000 new rentals last year. These additions may translate into some local upward vacancy momentum over the short-term. Still, the moderation in deliveries elsewhere should help foster a level of demand for rentals that supports a second-straight year of positive net absorption.

Sales outside of Los Angeles proper make up a larger share of activity. Deal flow took a notable step forward in the final quarter of 2024, due in part to interest rate cuts and the failure of Proposition 33. Based on preliminary data, the three-month span was the strongest in more than two years, with trades in Los Angeles proper accounting for one-third of sales activity. Nearly all these trades, however, were below the $5 million mark. This trend will persist into the foreseeable future as a direct result of Measure ULA. Many investors seeking assets that require capital deployments above this threshold will target areas outside the city, including Southeast Los Angeles, Long Beach, and the San Gabriel and San Fernando valleys. Relatively lower rents here spur steadfast Class B and C demand.

2025 MARKET FORECAST

NMI RANK 12 — ***Minor supply growth and home prices that support a large renter pool garner Los Angeles a top 15 spot despite rising vacancy.***

+0.8% — **EMPLOYMENT:** Local job creation improves in 2025, with the county slated to welcome 36,000 positions. Of these, 15 percent are within traditionally office-using sectors, aiding Class A rental demand.

6,600 *units* — **CONSTRUCTION:** For the third time in four years, Los Angeles' rental inventory expands by 0.6 percent. Projects scheduled for delivery this year comprise an average of 105 units.

+20 bps✧ — **VACANCY:** The metro registers positive net absorption; however, supply outpaces demand, lifting vacancy to 5.1 percent. The January wildfires may put downward pressure on vacancy rates.

+2.5% — **RENT:** Household demand for lower-cost rentals supports moderate rent growth in the Class B and C sectors, lifting Los Angeles' overall effective rate to an average of $2,883 per month.

INVESTMENT: *While the metro's multifamily inventory remains largely intact, the destruction of over 12,000 homes and other commercial properties by January's wildfires will broadly raise insurance costs in the state.*

Louisville's Long-Term Outlook Bolstered by Downtown Redevelopment Efforts

Moderate supply additions and renovation efforts underpin a low vacancy rate. Louisville did not undergo the same level of post-pandemic inventory expansion as many other major markets. This has helped restrain the local vacancy rate under the historic average of 6 percent. Additionally, city officials have taken steps to improve foot traffic in the CBD, allocating $3 million for a Downtown Revitalization Fund that began in 2024 and can be drawn upon through the end of the year. The fund will provide relocating companies up to $30 per square foot for space they lease in downtown buildings. At the end of 2025, the budget will be repurposed to develop workforce housing in the CBD. This effort, along with large-scale renovation and adaptive reuse projects, such as the 401 South 4th building and the American Red Cross Louisville Chapter building, inspire confidence in the long-term path of the CBD. These endeavors may aid the metro in expanding employment in the future. Meanwhile, suburban Class A assets have fared better than their CBD counterparts. Northeast and Southeast Louisville will both enter 2025 with Class A vacancy in the mid- to low-4 percent band.

Interest from non-local investors may expand. Recent transaction volume has consisted almost entirely of Class B and C properties, with the trend moving toward lower-tier assets. Class C properties will enter 2025 at a lower vacancy rate than their upper- and mid-tier counterparts and will likely hold course through the year. Historically, most buyers have been in-state investors; however, this trend may be shifting. Last year, the percentage of out-of-state investors grew, with many participating in multi-property purchases. These national buyers made up nearly half of the trades within Downtown Louisville last year — a trend that could carry into 2025. The revitalization of the CBD already underway may stir further interest from non-local investors.

2025 MARKET FORECAST

NMI RANK 46 — ***Despite strong rent gains, slow employment growth in 2025 place Louisville low on this iteration of the Index.***

+0.5% — **EMPLOYMENT:** Job growth falls to less than half the 2024 level as 3,200 new roles are created. The education and health services sector added 3,000 jobs last year — an upward trend that may continue.

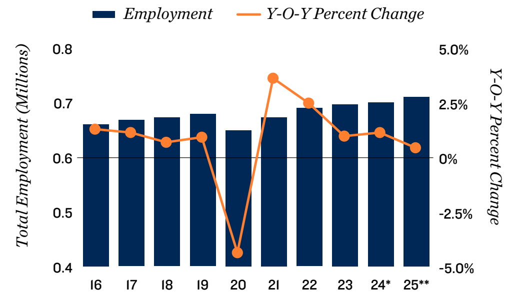
1,850 *units* — **CONSTRUCTION:** Completions will lift inventory by 1.8 percent this year. Large deliveries will come online in Downtown Louisville, with approximately 700 of these units in the East Market District.

+10 bps — **VACANCY:** Net absorption falls short of inbound supply in 2025, resulting in the vacancy rate inching up to 5.2 percent. This level, however, is under the 20-year average of 5.5 percent.

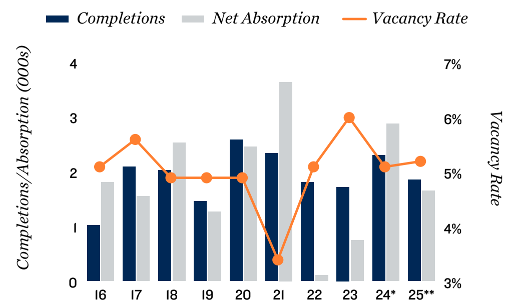
+3.9% — **RENT:** The decade-long trend of consistent year-over-year growth extends during 2025, elevating the metro's average effective rent to a record $1,320 per month by December.

INVESTMENT: *Investors seeking mid-tier assets may be drawn to the stretch of neighborhoods between Crescent Hill and Prospect. A higher median income here helps the area hold the metro's highest Class B average rent.*

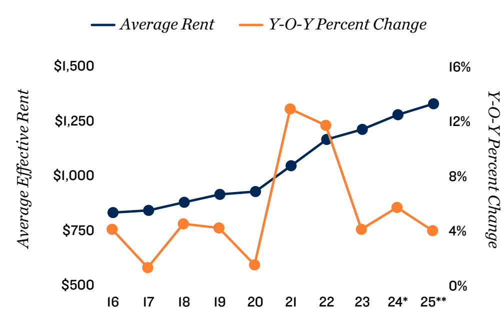
Employment Trends



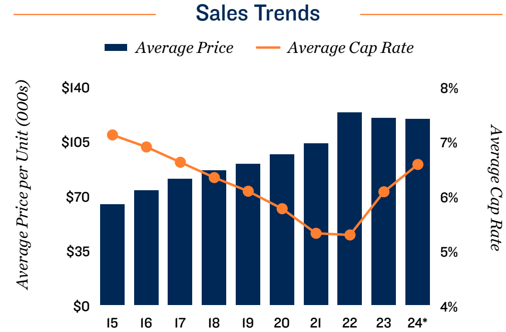
Supply and Demand



Rent Trends



Sales Trends



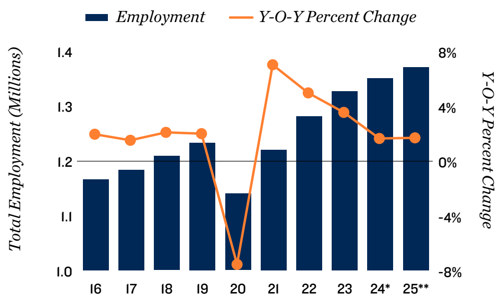
** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

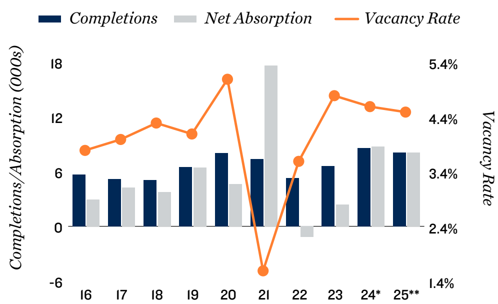
MIAMI-DADE

High-Income Renters Fuel Miami's Market as Suburban Tightness Draws Investor Attention

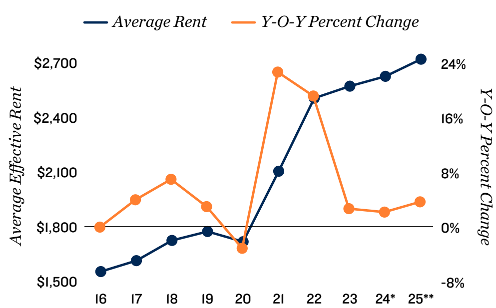
Employment Trends



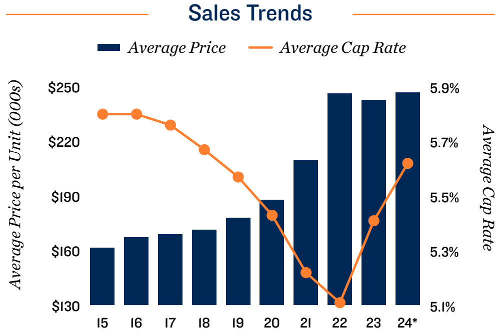
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Luxury rentals aided by job surge. By the end of 2025, Miami-Dade is projected to have added over 90,000 jobs since early 2023, leading all major Florida markets. A growing professional and business services sector has increased renter demand, as high home prices steer even affluent residents toward apartments. Rising rents in the urban core are also prompting many to seek more budget-friendly housing in the suburbs, with expanding transit infrastructure likely to support this shift. Notably, the South Dade TransitWay is scheduled to open in early 2025, running 20 miles from South Miami to Florida City. With deliveries forecast to moderate after a record influx, new supply should be generally well received. Last year, luxury units remained in high demand, as Class A vacancy tightened across the metro despite elevated completions. In particular, upper-tier vacancy downtown fell by nearly 100 basis points to under 5 percent, paving the way for strong rent growth. The potential for extreme weather has yet to sway the metro's positive momentum. Looking ahead, construction starts may rise, due in part to recent changes in the Live Local Act, which includes reduced parking requirements and enhanced tax incentives.

Low vacancy attracts investors to the suburbs. Tight market conditions are likely to drive investor demand, particularly for Class C apartments. Metrowide Class C vacancy in 2024 ranked as the second-lowest among major U.S. markets, behind only New York. The submarkets encompassing Coral Gables and Hialeah underscore the strong demand for lower-cost units. In both cities, Class C vacancy fell below 1 percent last year, marking record lows. A similar dynamic was observed in and around Homestead. Despite recording the fastest inventory growth in the metro, overall vacancy remained the lowest here, led by Class C units under 3 percent. With fewer deliveries expected in the suburbs than in the urban core this year, these submarkets should experience continued strong performance.

2025 MARKET FORECAST

NMI RANK | ***Miami ranks atop the Index, with white-collar employers fueling strong job growth and land constraints limiting new supply.***

+1.7% — **EMPLOYMENT:** Miami adds 23,000 jobs in 2025, spearheaded by traditionally office-using roles. Total employment will stand over 7 percent ahead of the 2022 level, ranking fifth among major metros.

8,100 *units* — **CONSTRUCTION:** Inventory growth will slow to 2.4 percent in 2025, which still marks the third-fastest pace since at least before 2000. Supply additions are concentrated in the metro's urban core.

-10 bps — **VACANCY:** The largest in-migration total in over a decade helps reduce vacancy to 4.5 percent. This ranks as the second-lowest rate among major East Coast markets, outdone only by New York.

+3.6% — **RENT:** The metro's average effective rent reaches $2,714 per month by year-end. Rising at a faster pace than last year, Miami will rank among the top 10 major U.S. markets for rent growth.

INVESTMENT: *MSC Cruises' new terminal, set for completion in 2025, is expected to create a significant number of jobs, potentially boosting rental demand and drawing increased investor interest in nearby Class C units.*

Improved Hiring Aids Class A Outlook; Local Investors Propel Market Amid Slowed Deal Flow

Steady employment gains and record completions shape multifamily dynamics. Milwaukee is projected to add 6,000 jobs in 2025 — the most since 2023 — increasing apartment demand, particularly in the urban core. Record-high single-family house prices have lifted home price-to-income ratio above the national average after falling below it a decade ago and are keeping home buyers in the rental market longer, especially among higher-income renters. At the same time, Class A construction has hit its highest level since at least 2009, raising segment vacancy to the 5 percent threshold entering this year. Although this has shifted Milwaukee from the third-tightest U.S. market in 2024 to the tenth in 2025, overall metro vacancy remains relatively low. Robust multifamily development along the Interstate 94 corridor, where major employers like Amazon and Microsoft have facilities, caters to a broad range of incomes. Meanwhile, because Downtown has solidified itself as a preferred location for companies like Milwaukee Tool and Northwestern Mutual, it is attracting younger talent, sustaining demand across all tiers.

Local investors preserve market amid suppressed deal flow. Elevated interest rates and uncertainty over future rate trends have slowed multifamily deal flow, widening the gap between buyer and seller pricing expectations. By the end of 2024, transactions fell 31 percent year over year and nearly 50 percent from the 2022 peak — the lowest level of activity since 2013. Despite this downturn, local investors are sustaining the market by focusing on smaller, stabilized Class B and C assets with value-add opportunities. Affluent suburbs in eastern Waukesha County, as well as in areas near the University of Wisconsin-Milwaukee and the University of Marquette, attract buyers willing to pay higher entry costs. While larger asset activity has tapered, the favorable yield premium may still draw interest for stabilized, top-tier assets.

2025 MARKET FORECAST

NMI RANK 41 — ***Strong rent growth and one of the nation's lowest vacancy rates contend with slower job creation for a lower ranking.***

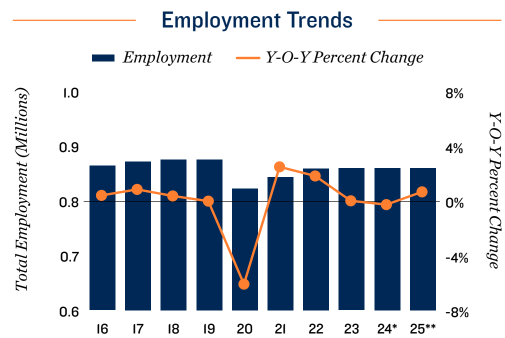
+0.7% — **EMPLOYMENT:** The addition of 6,000 new roles this year will help expand Milwaukee's employment base at a rate that doubles the metro's long-term average.

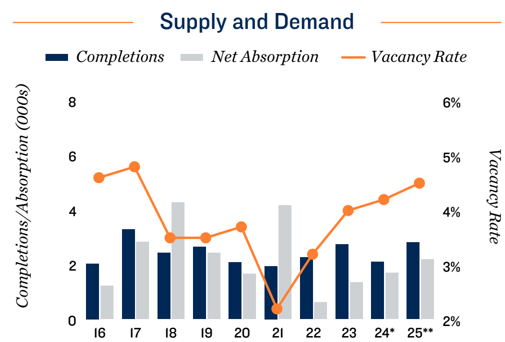
2,800 *units* — **CONSTRUCTION:** The 2025 construction pipeline adds 700 units over last year and 600 more than the five-year average. Additions in in Menomonee Falls and Oconomowoc will drive deliveries this year.

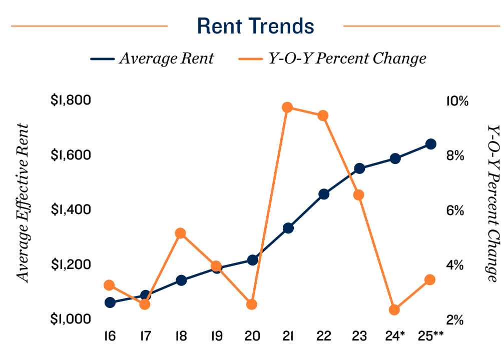
+30 bps — **VACANCY:** Availability is projected to rise to 4.5 percent — Milwaukee's highest since 2017 — but will still tie with Chicago for the lowest vacancy rate among the major Midwest markets.

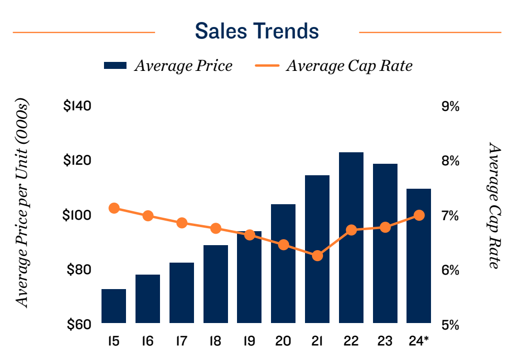
+3.4% — **RENT:** Milwaukee will be one of only 14 major markets to exceed 3.2 percent rent growth in 2025, reaching $1,633 per month despite rising vacancy, although the market remains relatively tight.

INVESTMENT: *Growth in the West Side — driven by a $54 million expansion of the Regional Medical Center and the new East-West Bus Rapid Transit line to downtown — may draw housing demand and investor interest.*









* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

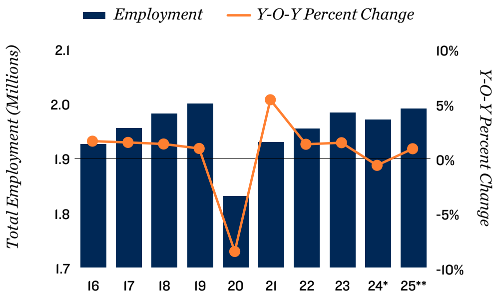
MINNEAPOLIS-ST. PAUL

Suburban Demand Intensifying Amid Tapering New Supply; Policy Uncertainties Reshape Urban Investment

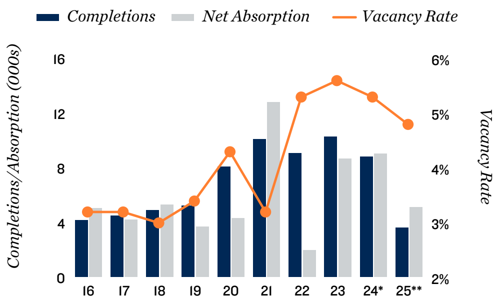
Fewer completions bolster suburban rent growth. Minneapolis-St. Paul faces a construction slowdown in 2025. The pipeline is set to shrink from over 8,000 units last year, nearly double the 2015–2019 average, to just over 3,500 units. In suburbs like Burnsville-Apple Valley and South St. Paul-Eagan — where demand is driven by population growth, the Southwest light rail extension and larger living spaces — the reduced construction will support tightening vacancy. These submarkets had some of the metro's lowest vacancy rates, at 4.5 percent in the third quarter of 2024, and led rent growth last year. Several other submarkets entered 2025 in a more challenging position. Anoka County and the Plymouth-Maple Grove area began the year with Class A vacancies above 10 percent. With fewer units slated for delivery, the supply pullback will limit competition for recently completed Class A units, potentially aiding leasing at these properties.

Policy shifts and technology growth shape investment strategies in 2025. After rent control was enacted in St. Paul in 2021, capping annual rent increases at 3 percent, investment slowed in the area. However, amendments made in 2023 that allow for partial vacancy decontrol — as well as further discussions on policy adjustments — may rekindle broader interest in 2025. Trading activity across the metro picked up steadily quarter over quarter last year, surpassing 2023's total and signaling a potential market recovery. Investors are now eyeing resilient suburban areas with steady rent growth. Maple Grove is an investment hotspot, with Boston Scientific's new $170 million campus boosting local employment and housing demand. In the urban core, properties may face steeper price adjustments due to elevated vacancies and policy uncertainties while Minneapolis debates rent control similar to St. Paul's. As these policy risks may influence investor strategies, they merit monitoring this year.

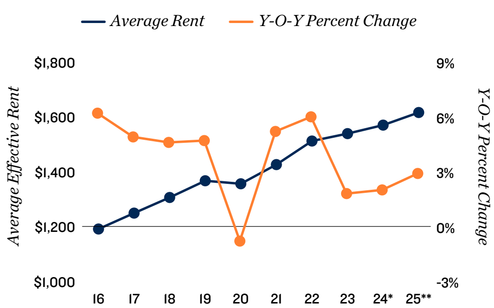
Employment Trends



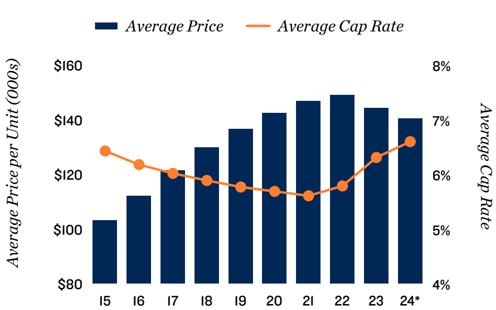
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2025 MARKET FORECAST

NMI RANK 18 — *One of the nation's sharpest vacancy declines and reduced supply pressure earn Minneapolis a spot in the NMI's top 20.*

+0.9% **EMPLOYMENT:** The addition of 18,000 jobs on net will allow Minneapolis-St. Paul's employment base to near the 2 million mark, aligning with its previous record high noted in 2019.

3,600 *units* **CONSTRUCTION:** After expanding inventory by an average of 3.0 percent over the last four years, builders reduce completions in 2025 as stock growth falls to 1.1 percent.

-50 bps **VACANCY:** Reduced supply pressure and a growing populace of renters help lower vacancy to 4.8 percent in 2025, slightly above the metro's long-term average of 4.6 percent.

+2.9% **RENT:** The average effective rent is expected to increase in 2025 at a pace that slightly trails the decade-long average of 3.8 percent, bringing the monthly rate to $1,613 by year-end.

INVESTMENT: *Investors bullish on the $350 million Upper Harbor Terminal redevelopment, set to transform North Minneapolis with residential units and parks, may find opportunities in the surrounding area.*

Renter Demand for Modern Amenities Draws Investors, While Value-Oriented Properties Face Some Pressure

In-migration aids luxury demand as inflation weighs on low-cost renters. Nashville's strong job market is projected to drive a household formation rate nearly double the national average, supported by the country's second-lowest unemployment rate entering 2025. Major investments, such as Oracle's future national headquarters and the addition of over 500,000 square feet of pre-leased office space at Nashville Yards in early 2025 will grow the number of major employers in the urban core. The metro's expanding industrial sector should also bolster employment, encouraging a steady influx of residents that is expected to keep apartment demand ahead of new supply. In the suburbs, where upper-tier vacancy fell in 2024, fewer deliveries this year will help sustain downward pressure on local rates. Concentrated new supply in Central Nashville should also be generally well-received after Class A vacancy held firm around 7 percent last year. In contrast, lower-tier units have experienced weaker demand as price pressures constrain low-to-moderate-income households. Still, Nashville's wage growth outpacing regional inflation — which fell in line with the national rate in late 2024 — should aid leasing.

Supply slowdown aids long-term investment strategies. Rapid population growth and a diversifying economy poise Nashville's investment activity to expand. Close-in suburbs should remain prime targets, especially South Nashville near McMurray and Antioch, where limited new supply is likely to support sturdy apartment performance. Many buyers last year focused on recently renovated projects, deploying an average of $150,000 per unit. Improving rent growth, however, may draw more investors to post-2015 built assets, which traded for around $250,000 per unit. With local multifamily permits in 2024 down over 70 percent from the peak in 2021, investors anticipating a prolonged supply slowdown may start seeking acquisitions amid a period of elevated cap rates.

2025 MARKET FORECAST

NMI RANK 30	*While down from recent years, elevated supply pressures will offset strong population gains for a near-middle ranking.*

+0.8% **EMPLOYMENT:** Total employment rises by 9,000 positions, aligning with last year. Firms like Oracle will help improve office-centric hiring, driving the sector's headcount up over 11 percent since 2019.

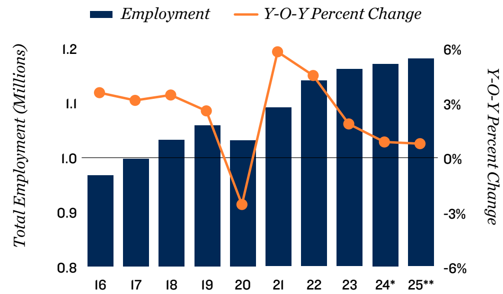
7,800 *units* **CONSTRUCTION:** Deliveries moderate this year as inventory growth slows to 4.0 percent, marking the fifth-fastest pace among major U.S. markets — down from third place in 2024.

-10 bps **VACANCY:** Fewer completions help vacancy tick down to 5.7 percent, keeping the metro's rate below the national average and the lowest among major metros with at least 4.0 percent stock growth.

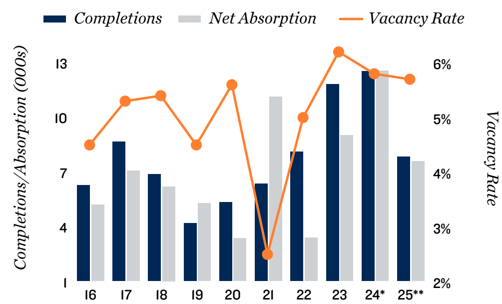
+2.4% **RENT:** Vacancy compression enables rents to climb at their fastest pace in three years. Reaching $1,648 per month, the metro's average effective rent will stand nearly 30 percent ahead of the 2019 level.

INVESTMENT: *A mixed-use project in Franklin delivers a new hotel and office building this year, likely drawing investors after renters here absorbed nearly 2,000 units on net in 2024, keeping local vacancy under 6 percent.*

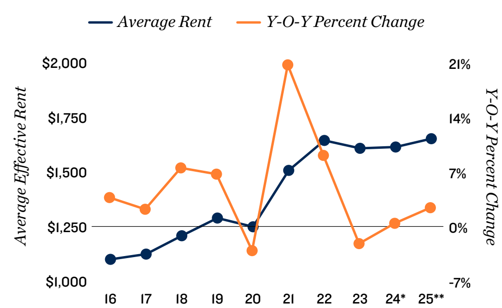
Employment Trends



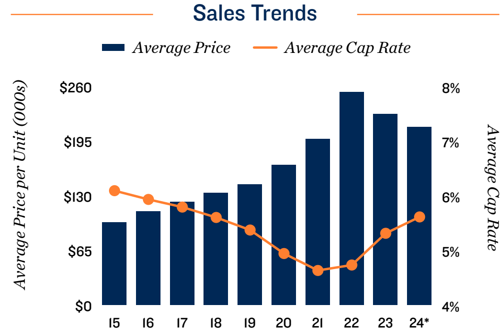
Supply and Demand



Rent Trends



Sales Trends



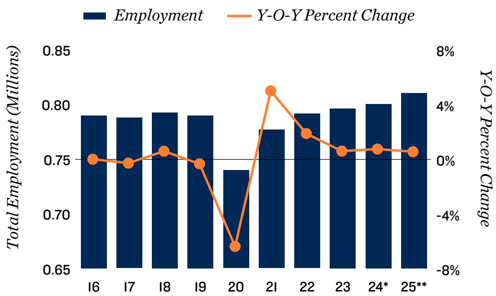
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

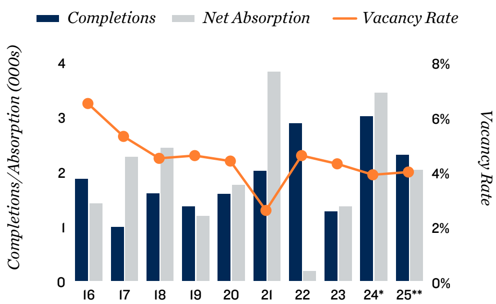
NEW HAVEN-FAIRFIELD COUNTY

Development Continues to Reflect the Importance of Transit as Investors Turn Further Afield

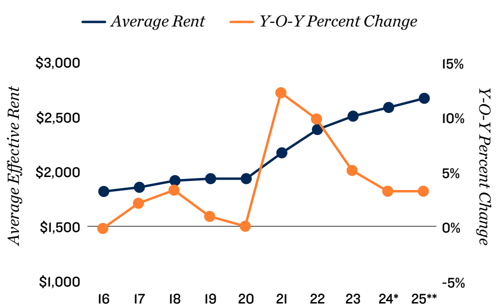
Employment Trends



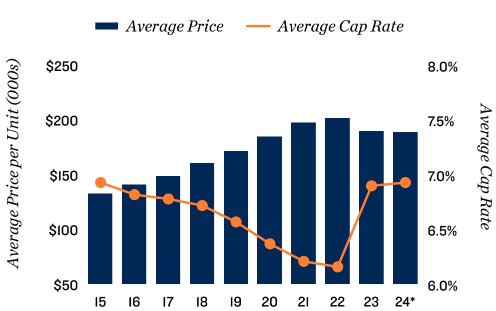
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Vacancy low despite new supply pressure. While ridership on the Metro-North railine has yet to fully return to pre-pandemic levels, when it was the third-busiest commuter rail in the country, this has not deterred transit-oriented development in Southern Connecticut. More apartments were built from 2019 to 2024 in the Stamford-Norwalk area amid the health crisis than in the prior five-year span. Rental stock in the submarket has expanded 36 percent in the past decade — the most in the market. The majority of openings were within a few miles of Interstate 95, Route 1 or the rail line. This trend is again apparent in this year's openings, reflecting the importance of a throughline to New York City as well as the appeal of developed local town centers. Despite new supply pressure, Class A vacancy in the Stamford-Norwalk area was tighter exiting 2024 than in 2019. Overall vacancy was also low entering 2025 in New Haven County, standing at under 5 percent in the city proper and below 3 percent across the towns of Waterbury, Meriden and Hamden. Rents grew faster in these areas last year than in any other part of the market, yet monthly payments stayed the lowest in the region, providing options for necessity renters.

Lower-cost areas of Southern Connecticut hold investors' attention. Both counties continue to provide opportunities for investors seeking to deploy less than $5 million in capital. Buyers over the past two years have frequently acquired Class C assets built prior to 1980 with fewer than 25 units, with Bridgeport-Danbury and Waterbury-Middlebury among the more popular areas. Low-tier vacancy in the latter submarket was the tightest in the market last year, while the former area noted above market-level rent growth in the tier. Investors seeking properties built after 2010, meanwhile, may find more options in Norwalk, New Haven proper or Downtown Stamford, where construction has been prevalent. Entry costs often exceed $200,000 per unit, especially for larger assets.

2025 MARKET FORECAST

NMI RANK 42 — ***While the market's vacancy rate is among the lowest in the country, subdued household formation limits its 2025 NMI rank.***

+0.6% — **EMPLOYMENT:** While employers will expand staff counts by less than 1 percent collectively this year, the number of job additions will about double the 2014–2019 annual average.

2,300 *units* — **CONSTRUCTION:** Development continues to be heavier in Fairfield County, although the pace of openings is slowing both here and in New Haven County compared with 2024.

+10 bps — **VACANCY:** Vacancy will inch up in both counties this year after falling in 2024, leading to a marketwide rate of 4.0 percent. The measure is nevertheless 140 basis points below the 2014–2019 mean.

+3.2% — **RENT:** Net absorption closer to the historical norm will ease the pace of rent growth this year while still landing among the fastest in the Northeast. The year-end average will be $2,662 per month.

INVESTMENT: *Class B vacancy was the lowest among tiers exiting last year. Investors seeking such assets may look to New Haven proper, given renter demand from Yale University and nearby life science firms.*

Strengthened Office Absorption Aids Rental Demand as New Policies Reshape Investment Strategies

Job growth and congestion pricing lift demand near transit hubs. Hiring among traditionally office-using firms has accelerated in the metro following improved net absorption of office space late last year. New high-paying roles at firms such as Apple and Amazon are expected to lift local demand for market rate apartments. While metrowide inventory growth is forecast to remain under 1 percent this year, nearly half of the new supply will be concentrated in Brooklyn. Demand here should remain strong, however, as lower living costs compared with Manhattan, new job opportunities and convenient transit access have fueled the metro's fastest-growing renter base. Supply pressure is meanwhile easing in the Bronx, despite a vacancy rate near 1 percent. Vacancy is also under 2 percent in Queens, whose 2025 delivery slate falls below Brooklyn and Manhattan. Traffic congestion laws that took effect in early 2025 may also boost demand near major transit hubs and within the toll zone as renters seek to mitigate rising commuting costs.

Opportunities emerge across asset classes. Rent-regulated units face ongoing hurdles due to high interest rates and inflation, with policies like the FARE Act and background check restrictions potentially adding challenges. This may allow some buyers to acquire lower-priced assets that offer very low vacancy, aided by higher caps on recoverable expenses. Meanwhile, market-rate units are being affected by the April 2024 "Good Cause Eviction" law, which limits tenant evictions and effectively caps rent increases to the lower end of 10 percent or 5 percent plus CPI inflation. Exemptions for properties built after 2009 or with rents 245 percent above fair market value will likely boost demand for newer assets. Large investors may partner with developers to leverage the anticipated rise in construction resulting from zoning reforms under the City of Yes plan, which received initial approval in late 2024, along with the codification of the 485-x tax incentive.

2025 MARKET FORECAST

NMI RANK 17 — ***Tight market conditions and stable employment growth will position New York in the upper half of this year's Index.***

+1.0% — **EMPLOYMENT:** Job gains will trail 2024 as 50,000 new roles are added by December. Total employment will have climbed 4.5 percent over the past three years, leading all major Northeast markets.

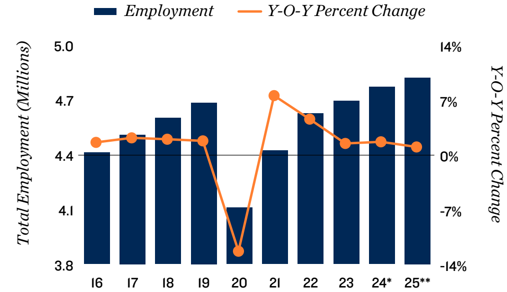
21,000 *units* — **CONSTRUCTION:** Completions will decline slightly as inventory growth dips to 0.9 percent — the seventh-slowest rate nationwide. This is also in line with the metro's trailing eight-year average.

+10 bps — **VACANCY:** Vacancy is set to rise modestly, driven by the higher-end property segment. Even so, at 2.1 percent, overall vacancy will remain below the metro's long-term average of 2.6 percent.

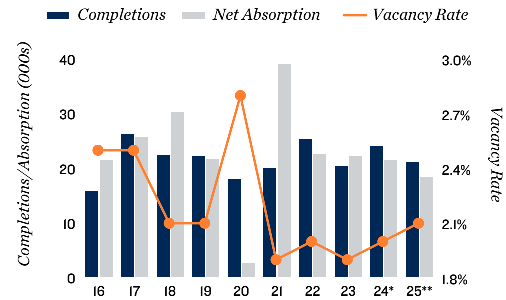
+2.3% — **RENT:** Steady employment gains and historically low vacancy will help rents rise at the fastest pace in three years, with the metro's average effective rate reaching $3,090 per month.

INVESTMENT: *Buyers seeking newer assets may target Lower Manhattan, where Class A rent growth exceeded 3 percent last year, vacancy was below 4 percent and renters are shielded from the new congestion pricing toll.*

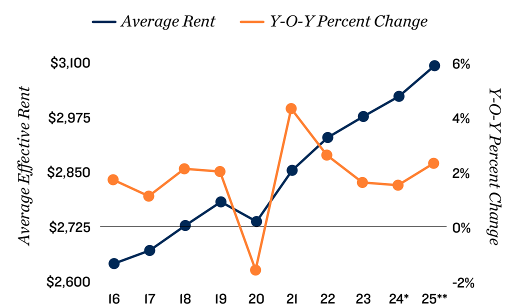
Employment Trends



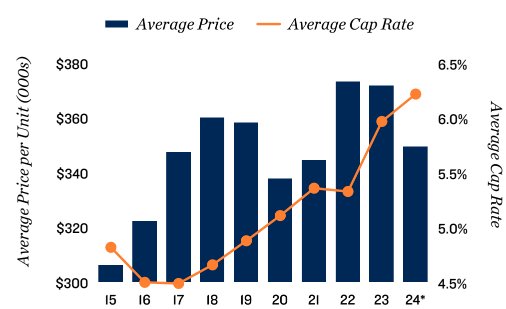
Supply and Demand



Rent Trends



Sales Trends



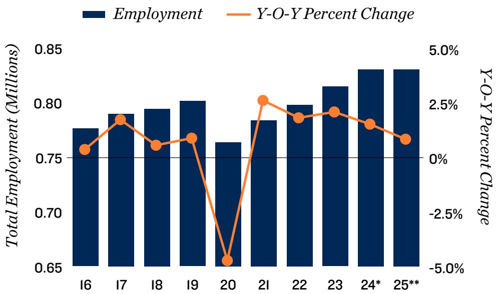
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

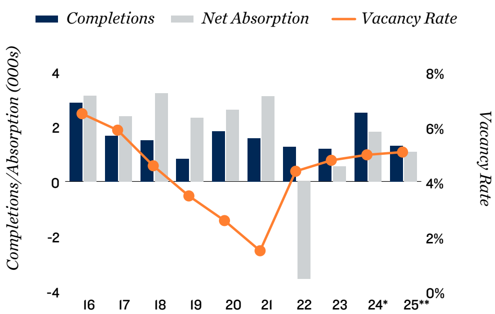
NORFOLK-VIRGINIA BEACH

New Transportation and Entertainment Venues Broaden the Metro's Appeal as Supply Pressures Ease

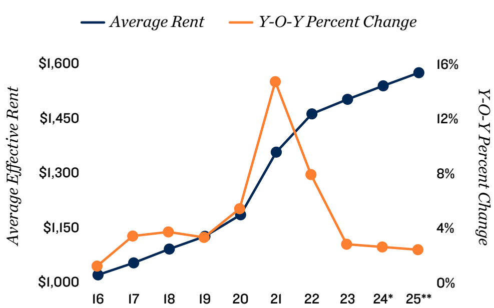
Employment Trends



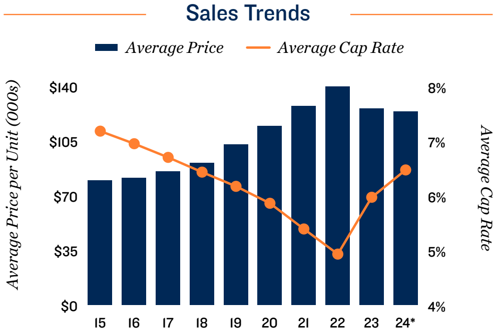
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Expanding labor market and infrastructure bolster net in-migration. Hiring remained historically elevated in the metro last year, propelling the local job growth rate into the top 10 nationally. Stable employment drivers and major infrastructure projects, including a $1.4 billion investment at the Port of Virginia and a $1 billion expansion of Norfolk International Airport, are expected to fuel job creation in 2025, helping to facilitate a year-over-year improvement in net in-migration. The demand for local rentals this creates will occur during a period of easing supply pressure, both factors that should contribute to a balanced multifamily sector. Deliveries are shifting away from Norfolk and Williamsburg as developers focus on outlying suburbs like Suffolk, where new industrial developments are spurring comparative population gains. Meanwhile, modest supply additions and a defense-driven economy in Newport News and Hampton should support standout property performance, following Class A rent growth above 5 percent last year — the highest in the metro. Similarly, fewer completions in the more affluent Virginia Beach submarkets may enable stronger rent growth after overall vacancy held steady at under 5 percent last year.

Modern neighborhood amenities attract renters and investors. Amid potentially eased lending conditions, Newport News and Hampton are likely to remain key institutional targets. The opening of the Newport News Amtrak Hub, expected to improve connectivity and draw new residents, will support these areas. Investors seeking lower-cost assets may focus on popular Norfolk areas like Ocean View and Norview, where Class B and C rent growth exceeded 5 percent last year. Buyers could also engage with Virginia Beach, driven by the city's stable vacancy and the anticipated opening of Atlantic Park in spring 2025. This mixed-use development — featuring a state-of-the-art surf park, entertainment venue and over 100,000 square feet of retail space — is poised to enhance local renter demand.

2025 MARKET FORECAST

NMI RANK 44 — ***Relatively moderate rent gains and household formation place the metro near the lower-end of the market rankings.***

+0.8% — **EMPLOYMENT:** Hiring is projected to slow slightly in the metro, as its workforce expands by 7,000 positions. The industrial and traditionally office-using sectors are expected to fuel this growth.

1,300 *units* — **CONSTRUCTION:** Deliveries ease from 2024's near-record total. New supply aligns with the 2020–2023 norm, bringing stock growth to 0.9 percent — the eighth-slowest pace among major metros.

+10 bps — **VACANCY:** Vacancy rises at a reduced rate compared with the prior three years. At 5.1 percent, the December reading will remain below the national average and consistent with metro's long-term mean.

+2.3% — **RENT:** Rent growth mirrors the past two years as the metro's average effective rent reaches $1,570 per month — a nearly 8 percent increase since 2023. This exceeds the national average of 5.5 percent.

INVESTMENT: *Expanding logistics employers may attract investors to the cities of Portsmouth and Suffolk, where sub-4 percent Class C vacancy supported the strongest rate of lower-tier rent growth in the metro last year.*

Apartment Deliveries and Population Growth Moderate, Translating into Supply-Demand Balance

Property performance improves as white-collar woes begin to subside. Apartment openings in 2025 will drop below 10,000 units for the first time in six years, ending Northern New Jersey's eight-year reign as the most active major Northeast market by inventory growth rate. Developers appear to be responding to a slowdown in local population growth that will extend through this year. Still, tailwinds for apartment demand are present. Approximately one-third of this year's job gains are projected to stem from traditional office-using hiring, which should aid leasing at newly-built apartment complexes. Expectations for positive job creation in the warehousing, transportation and retail trade sectors, meanwhile, will continue to support a strong level of demand for Class C units throughout the metro. These trends should continue to bolster renter demand, generating net absorption greater than 8,000 units for the sixth time in nine years. This, coupled with a moderation in supply additions, should translate into a slight decrease in the metro's vacancy rate.

Favorable entry costs keep market competitive. Hudson County will continue to be the front-runner for trades, likely weighted toward Jersey City. That said, Passaic County saw outsized activity last year relative to its share of inventory. This localized trend may continue as buyers respond to the area's scant Class B and C vacancy rates, which are the lowest among metro submarkets, providing investors with above-average rent growth potential. As a whole, Northern New Jersey distinguishes itself to buyers nationally with its long run of moderate vacancy rates, as evidenced by a history of fourth-quarter postings below 5.0 percent going back 25 years. These recordings also usually come in below the U.S. rate. On top of that, entry costs are only about $20,000 above the U.S. average in a region where prices are often much higher.

2025 MARKET FORECAST

NMI RANK 25 ***Northern New Jersey's slow job growth is countered by a top-ten rank in occupancy, pacing the market at the NMI's midpoint.***

+0.7% **EMPLOYMENT:** The metro's workforce is expected to grow by 15,000 jobs in 2025. Traditionally office-using employers will add a modest 4,700 roles after shedding 12,000 positions last year.

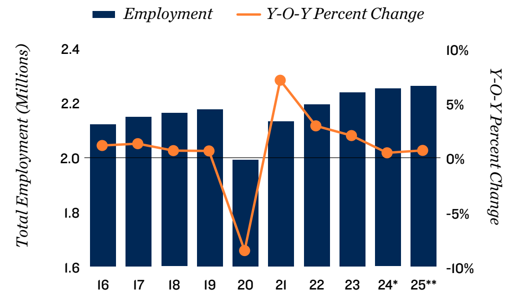
8,700 *units* **CONSTRUCTION:** Apartment inventory grows by 1.9 percent in 2025. Projects average roughly 140 units — not counting The Crossings at Brick Church Station, which features 820 rentals.

-10 bps **VACANCY:** After trailing new supply in the previous two years, renter demand is expected to slightly exceed completions in 2025. This dynamic will lower vacancy to 4.5 percent.

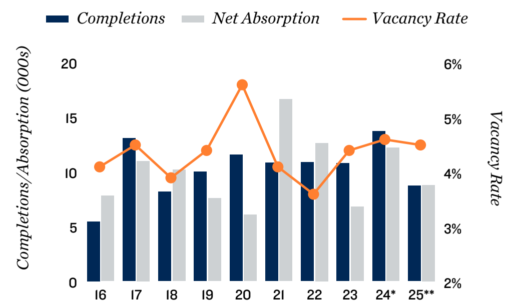
+3.0% **RENT:** Supply and demand falling into alignment supports a fifth-straight year of rent growth for the metro, lifting Northern New Jersey's average effective rate to $2,564 per month.

INVESTMENT: *Union County recorded the strongest Class A rent growth and second-lowest upper-tier vacancy rate among metro submarkets last year, which may draw investors seeking luxury assets to area listings.*

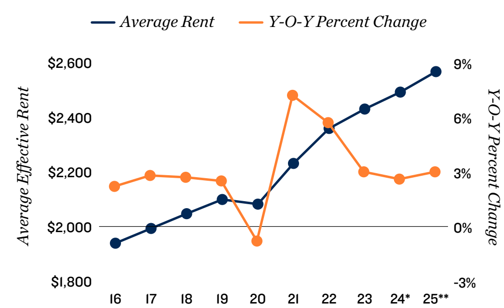
Employment Trends



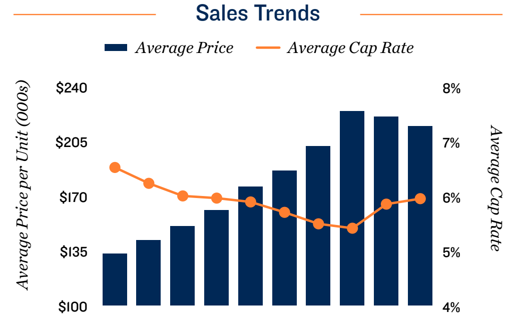
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

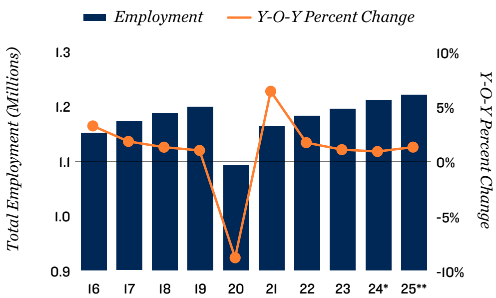
OAKLAND

Tightening Vacancy, Including for Newer Units, Underscoring Drive for Investment

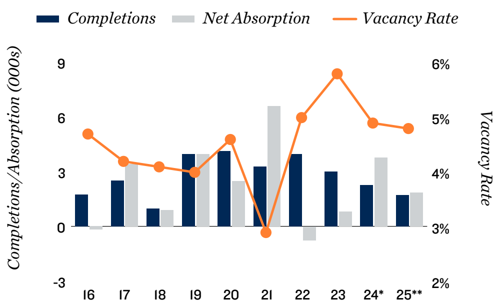
Oakland hits inflection point with improving operations. Leading the Bay Area in labor recovery, the metro saw renter demand pick up in 2024, lowering vacancy with tailwinds likely to push into 2025. Needs were broad, with seven of the nine submarkets noting lower vacancy as total net absorption last year hit its highest level since 2021. Under a lower 2025 delivery slate, the vacancy trend should extend into the near future, as construction will be mainly focused in Fremont and the Oakland-Berkeley area. The latter's inventory has grown over 15 percent since 2018 — the largest increase among submarkets — but a thinner pipeline beyond 2025 will allow for gradual absorption and rent stabilization. Class A vacancy is lower here than that of Class B or C, suggesting the supply is justified. Marketwide, Class B properties note the tightest operational conditions, primarily in the Fremont, Concord-Martinez and San Ramon-Dublin submarkets. The significant rent delta between Class A and B will continue to highlight the appeal of mid-tier options for those priced out of luxury rentals.

Locales close to labor and transportation hubs attract greater attention. Class C assets, which saw the only mean rent increase in 2024, are set for heightened deal flow as the job market strengthens. Berkeley, East Oakland and Richmond-Martinez accounted for over 30 percent of the metrowide deal volume last year, bolstered by the presence of transportation hubs like BART and bridges linking to the West Bay. With local corporations implementing return-to-office policies, bringing more commuters back to the East Bay, transaction velocity may increase as market fundamentals improve. The October 2024 ridership report indicates a growing weekday commuter base in the Berkeley-Oakland submarket, where the most net absorption across submarkets took place last year at 1,200 doors — more than double the runner-up. The submarket also noted a decrease in Class A vacancy. This dynamic likely fueled the recent rise in Class A and B deals, particularly in the city of Berkeley, as well as in Downtown and East Oakland.

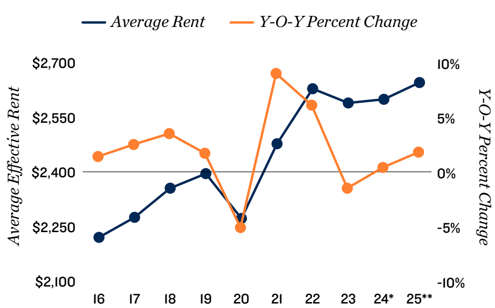
Employment Trends



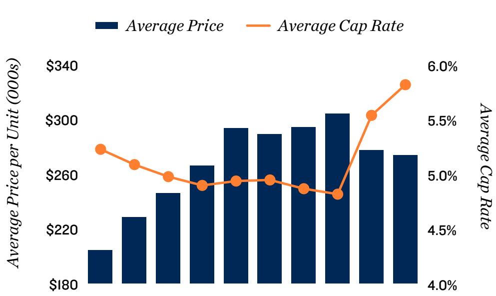
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2025 MARKET FORECAST

NMI RANK 40 — ***Despite lessening supply pressure, minor household growth places the metro toward the lower end of the 2025 NMI.***

+1.3% **EMPLOYMENT:** Hiring is expected to accelerate this year, providing 15,500 net new jobs by the end of 2025, which is roughly in line with the trailing three-year annual average.

1,700 *units* **CONSTRUCTION:** Development will ease for the second consecutive year to over 40 percent below the trailing five-year mean. Oakland and Fremont will see over 65 percent of this year's openings.

-10 bps **VACANCY:** Low supply-side pressures and improved job creation will aid renter demand, helping lower vacancy to 4.8 percent. This is 20 basis points higher than the trailing five-year average.

+1.8% **RENT:** Rent gains will continue to see traction as demand picks up, lifting the mean monthly rent to a historical $2,643. This is over 4 percent above the five-year mean from 2020 to 2024.

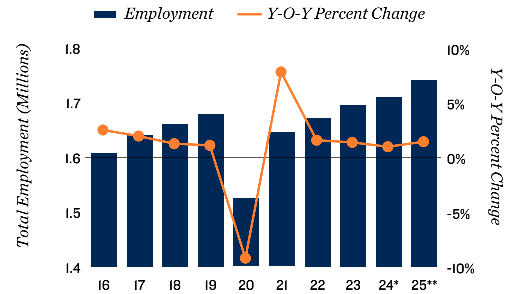
INVESTMENT: *Investors bullish on AASEG's Coliseum purchase agreement may look at nearby areas. Their planned $5 billion redevelopment project includes housing, restaurants, ampitheater and a new convention center.*

Job Gains Restrain Available Housing as Irvine's Zoning Reform Aims to Address Shortages

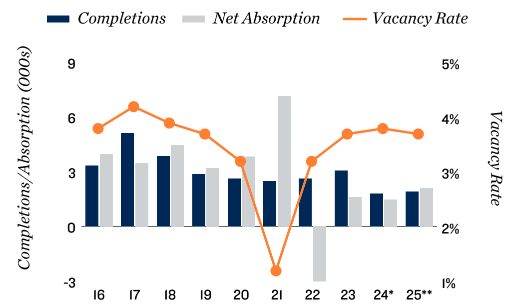
Relaxed zoning laws help Irvine meet growing rental demand. Rising office sector hiring is anticipated to drive a higher pace of household formation this year. Given Orange County's nation-leading home price-to-income ratio, this dynamic will strengthen local rental demand at a time when minimal deliveries are forecasted for the market. Of the rentals slated for completion in 2025, more than 1,000 units are located within the Irvine Business Complex. Home to a large share of the metro's office-using positions, the area is well positioned to support new multifamily construction, especially after Orange County ranked 10th nationally in office-centric job gains last year. Additionally, Irvine's median household income is among the highest in the metro and local vacancy near the lowest, indicating new supply should be well-received. Development will likely remain concentrated in the Irvine Business Complex after zoning changes at the end of 2024 overruled local objections and permitted up to 15,000 high-density residential units to be built here over the next two decades. This is driven by efforts to meet California's housing mandate, which requires the city to zone for over 23,000 new units by 2029.

Investors navigate tight spreads amid rising rent growth. Stable vacancy fostered improved sales activity last year — a trend likely to continue amid potentially higher rent growth. Private investors may stay active in Garden Grove and North Anaheim, where rent growth was around 3 percent last year, but these buyers may have to accept first-year returns below 5 percent for 1970s-vintage properties. Cap rates above 6 percent could draw some of these same buyers to Santa Ana. However, the city's rent control ordinance, capping rent increases for pre-1995 properties at the lower end of 3 percent or annual CPI inflation, may temper investor enthusiasm. Institutions might remain active in West Anaheim after posting particularly strong rent growth last year.

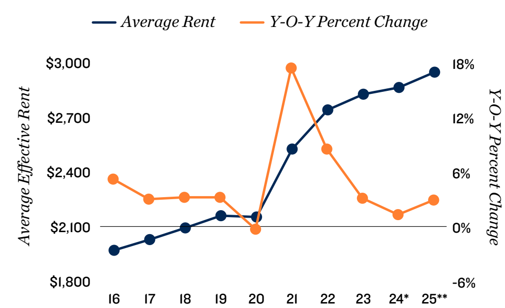
Employment Trends



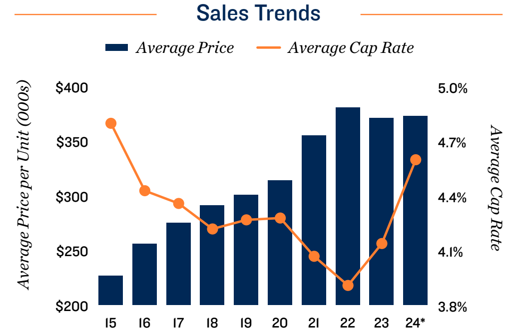
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2025 MARKET FORECAST

NMI RANK 8 — ***Exceptionally low vacancy and substantial barriers to home-ownership propel Orange County into a top-10 ranking.***

+1.5% — **EMPLOYMENT:** The metro's employment base expands by 25,000 positions — the largest gain since 2022. At 1.5 percent, Orange County's job growth rate will nearly double that of Los Angeles.

1,900 *units* — **CONSTRUCTION:** Following 2024's decade-low delivery total, completions will pick up slightly. Even so, inventory growth of 0.7 percent ranks as the fifth-slowest rate among major U.S. markets.

-10 bps — **VACANCY:** Minimal new supply and improved job growth enable vacancy to decline for the first time in four years, falling to 3.7 percent — a level consistent with the metro's 2019 rate.

+2.9% — **RENT:** Vacancy compression supports a pace of rent growth that leads major California markets. At an average of $2,943 per month, the metro's year-end effective rent is the fifth highest nationally.

INVESTMENT: *The rejection of Proposition 33, which aimed to permit rent control across apartment types in California, should expand the buyer pool for local listings, potentially influencing property owners mulling a sale.*

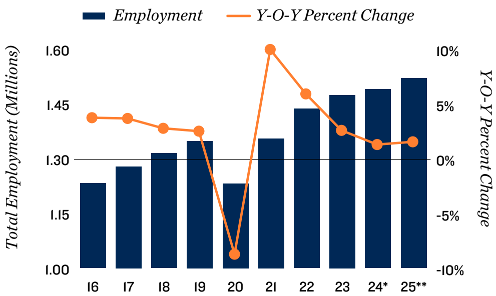
ORLANDO

Young Adults Propel Apartment Use as Enhanced Returns Reinforce Investor Confidence

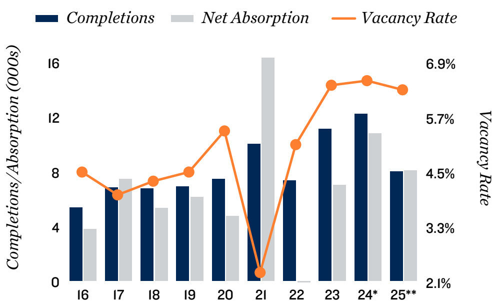
Declining inflation unleashes pent-up housing demand. Orlando welcomed nearly 80,000 new residents in 2024, driven by young professionals and affluent retirees. Reduced price-pressures are expected to further strengthen household formation in 2025, particularly among young adults who delayed moving out due to the pandemic and elevated inflation. With the metro projected to have the highest household growth rate in the country, and the gap between the average mortgage payment on a median-priced home and monthly rent holding at over $1,500, many are likely to opt for apartments. This demand should help absorb new units as deliveries moderate, with supply pressures easing most notably in rapidly growing suburbs like Kissimmee and Horizon West. As a result, Class A rentals are expected to record improved fundamentals, reflecting a wide-ranging renter base that will position Orlando for among the fastest rent growth in the country this year. Completions are meanwhile shifting toward closer-in areas like Pine Hills and Oak Ridge, driven partly by more relaxed zoning laws. Developers in St. Cloud and Osceola County have faced local opposition to new projects, potentially deterring future development.

Investors drawn by higher yields and improving cash flow. After subdued investment activity last year, trading is expected to pick up as rent growth accelerates. Notably, Orlando's mean cap rate rose nearly 100 basis points to the high-5 percent band in 2024 — the largest increase among major Florida metros and the highest level since 2017 — enticing investors seeking higher yields. Fast-growing suburbs like Winter Garden and Clermont are likely to remain focal points, with buyers targeting new developments for around $250,000 per unit as cap rates above 5 percent became more common last year. Similarly, those focused on lower-tier properties could secure deals for under $150,000 per unit more often, with cap rates that could range past the mid-6 percent zone.

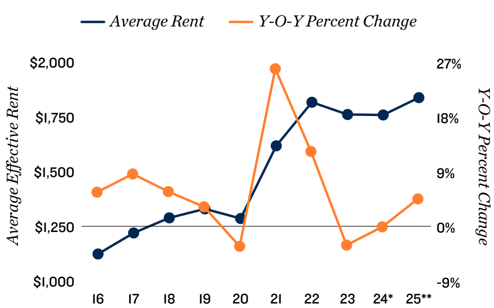
Employment Trends



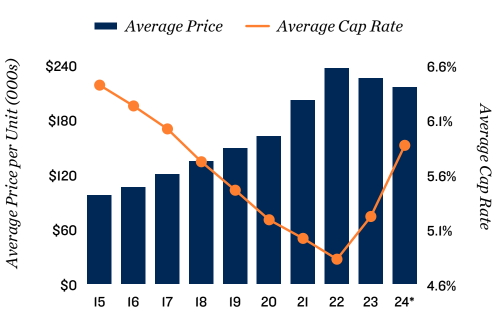
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2025 MARKET FORECAST

NMI RANK 3 ***Nation-leading household formation spurring elevated rent growth will position Orlando near the top of the rankings.***

+1.6% **EMPLOYMENT:** Orlando's job growth will slightly outpace Tampa and West Palm Beach this year. Adding 24,000 positions, the metro's total workforce will stand nearly 6 percent ahead of the 2022 level.

8,000 *units* **CONSTRUCTION:** Inventory growth falls to 2.8 percent this year, roughly in line with the pace from 2014 to 2019. Among major Florida metros, only Jacksonville will record a faster increase in stock.

-20 bps **VACANCY:** Vacancy drops to 6.3 percent this year, marking the first annual decline after a 400-basis-point rise from the 2022 low. Orlando's vacancy rate will fall below that of Jacksonville and Tampa.

+4.5% **RENT:** The metro's average effective rent reaches $1,834 per month by year-end, climbing at the fastest pace in three years and registering a more than 40 percent gain since the end of 2020.

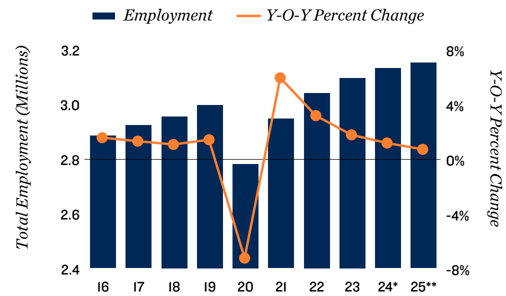
INVESTMENT: *Epic's new theme park, opening in 2025, is expected to drive investment in the nearby South Orange and Kissimmee submarkets, which posted among the lowest vacancy and fastest rent growth for Class C units.*

Life Sciences' Expansion Bolsters Rental Demand; Investors Preparing to Re-Deploy Capital

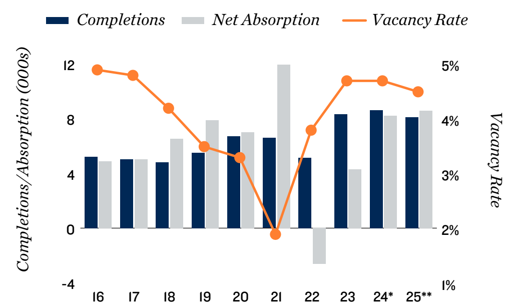
Lower business costs fuel biotech growth. Philadelphia's office-using labor sector has outpaced all major Northeast metros since 2022, with industry employment expanding by nearly 40,000 roles. The metro's low average asking rent for office space — nearly 30 percent below Washington, D.C., and Boston — has attracted a wide range of companies, including tech, life sciences and gene therapy firms, helping keep office vacancy under the national average. Major investments in the urban core, such as Legend Biotech's new facility and Spark Therapeutics' $500 million Innovation Center, will further add to job creation in 2025. This will in turn draw young professionals to popular neighborhoods like Center City and Fishtown, where elevated home prices are steering many toward renting. Completions will stay concentrated in these areas this year as a result, likely translating into some localized supply-side pressure. Meanwhile, residents with more restricted budgets are being drawn to the close-in suburbs of Germantown and Oxford Circle. Limited new supply here is expected to help tighten vacancy, outweighing rising rates in the city center and supporting an overall vacancy compression this year.

Sales activity set to climb despite policy hurdles. Greater certainty around interest rates spurred institutional investment last year — a trend likely to continue amid easing monetary policy. Encouraged by the fastest gains in occupied stock, investors targeted urban locales in 2024, where properties traded for around $250,000 per unit. The city of Philadelphia's ban on rent-setting software that uses non-public data may deter some investors this year, however, as it could hinder operational efficiency and add uncertainty to rent growth, potentially influencing development as well. This may motivate buyers to focus on areas outside the city with standout apartment fundamentals, such as Burlington and Bucks counties, where vacancy around 3 percent should fuel strong rent growth.

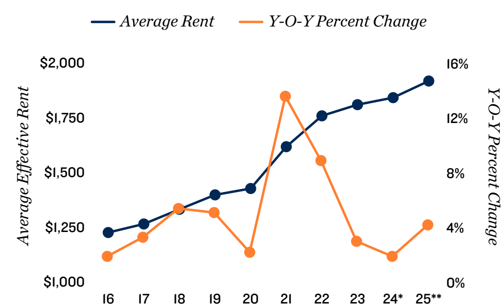
Employment Trends



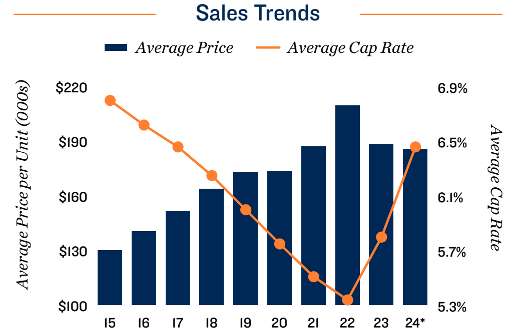
Supply and Demand



Rent Trends



Sales Trends



2025 MARKET FORECAST

NMI RANK 23 — ***Modest population gains will offset tight supply and strong rent gains, placing Philadelphia in the middle of the Index.***

+0.7% — **EMPLOYMENT:** Job growth slows this year as the metro adds just 23,000 roles. Even so, total employment will have climbed 4 percent since 2022 — the fastest pace among major Northeast metros.

8,100 units — **CONSTRUCTION:** Deliveries moderate in 2025, yet still mark the third-highest annual tally since at least 2000. Nevertheless, at 1.9 percent, inventory growth will stay below the national average.

-20 bps — **VACANCY:** Demand is set to exceed supply for the first time in four years, reducing vacancy to 4.5 percent. This ranks as the 10th-lowest rate among major U.S. markets and third tightest in the Northeast.

+4.1% — **RENT:** Vacancy compression allows the metro's average effective rent to rise by its most rapid pace in three years. At $1,910 per month, the metro's mean is nearly on par with the national average.

INVESTMENT: *With growing local business hubs and transit connectivity to the urban core, Camden and Delaware counties may attract more investors in 2025 after standout rent growth and vacancy compression last year.*

** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

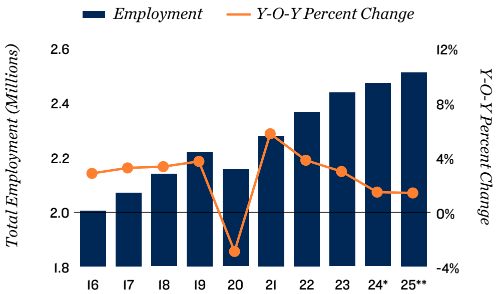
PHOENIX

Phoenix Renters Remarkably Keeping Pace With Record New Supply as Investors Target Gaps in Pipeline

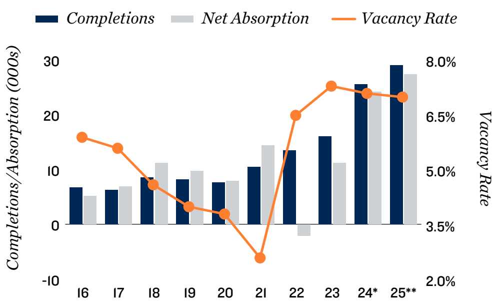
Robust expansions met with strong demand. After a record-setting 2024, net absorption in the metro will climb even higher this year, aided by the third-largest net in-migration total among major U.S markets. These tailwinds have bolstered high renter demand, warranting the largest annual supply influx since before 2000. This dynamic will continue to be evident in the Avondale-Goodyear-West Glendale area, where stock growth topped 20 percent last year and net absorption represented nearly a fifth of the market total. A local median age under 40 here indicates popularity with younger renters. The Peoria-Sun City-Surprise area, with an older resident base, will likely see a similar trajectory. Vacancy should tighten in regions with lower arrivals, like Central Phoenix, which draw renters with proximity to the CBD and the campuses of Arizona State University. Further east, Chandler, Gilbert and Northwest Mesa saw vacancy edge down in 2024, notably for Class B and C units, despite already being the three least-vacant submarkets.

Dealflow to shy away from most active pockets of construction. Areas northeast of downtown may see greater investor activity this year, fueled by strong property performance. North Central, East and Northeast Phoenix saw vacancy dip over 2024, with mean monthly rent also below that of the market. These locales — which offer highway access to the CBD and Scottsdale but with comparatively lower living costs — will see at least a 50 percent year-over-year drop in openings in 2025. Fewer deliveries will support existing stock, aiding vacancy and driving rent growth. In areas with supply pressures, buyer activity could heighten for budget-friendly assets that are better insulated from this pressure. Over 50 percent of sub-$10 million Class C deals in 2024 took place in Downtown Phoenix or the submarkets to the north. Bullish investors may look at South Scottsdale, where tightened vacancy was paired with a year-over-year increase in rent as of September 2024.

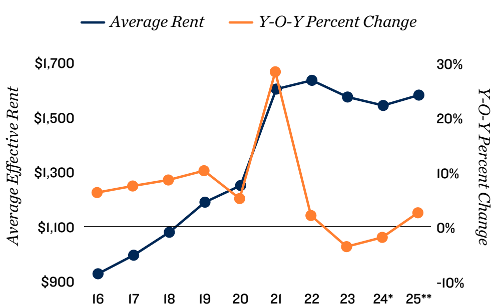
Employment Trends



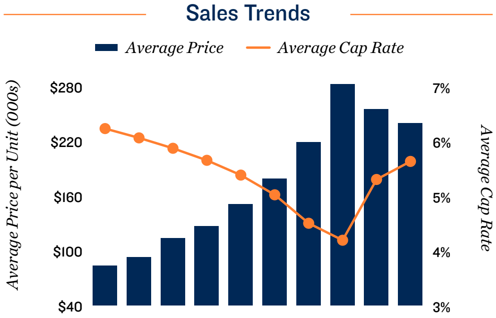
Supply and Demand



Rent Trends



Sales Trends



*Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2025 MARKET FORECAST

NMI RANK 10 — ***Despite supply-side driven high vacancy, sizable household growth and net in-migration gives Phoenix a high ranking.***

+1.4% — **EMPLOYMENT:** Employers will add 35,000 jobs on net in 2025, only 1,000 positions less than last year. Still, this produces year-over-year growth under the metro's long-term pace of 2.7 percent.

29,000 *units* — **CONSTRUCTION:** Phoenix will see the second-largest delivery slate among major U.S. metros in 2025. About a quarter of the metro's openings will be in the Avondale-Goodyear-West Glendale area.

-10 bps — **VACANCY:** The marketwide vacancy rate will inch down to 7 percent in 2025. Strong net in-migration and stable household formation will foster greater leasing activity, easing upward pressures.

+2.5% — **RENT:** After two years of drops, the mean effective rent will tick back up to $1,578 per month this year. This is within 4 percent of the historic high recorded in 2022 and 25 percent over the 2020 level.

INVESTMENT: *Investors bullish on tech developments may look into Buckeye's $20 billion Tech Corridor — a 2,807-acre plot approved in August 2024 that will house light industrial facilities, along with at least one data center.*

Renter Demand and Supply Are Aligning Again in Pittsburgh as Outlook Improves in Central Areas

A diminishing delivery slate helps stabilize fundamentals. Pittsburgh, in its fourth year of declining construction activity, has reached a near equilibrium between apartment supply and renter demand. Over 9,000 expected transplants and household formation at its highest volume since 2016 will lift the need for rentals, aiding urban submarkets with heavy 2025 delivery slates like Oakland-Shadyside and Central Pittsburgh. Arrivals in the latter area may be readily absorbed, as projects such as FNB's new headquarters draw renters to the area. New supply in Oakland-Shadyside also appears warranted long term, as the area led all submarkets over the last two years in net absorption. Meanwhile, suburbs like East and North Pittsburgh may see vacancy decreases over 2025 under a scant delivery slate. This may aid ongoing rent trends here after noting the largest supply gains among submarkets last year, with inventory now over 15,000 units.

Suburbs surrounding downtown form the backbone of current transaction climate. Rising vacancy from 2022 to 2024, paired with relatively higher interest rates, have slowed deal flow. Still, areas near downtown and universities have continued to see transactions. Going forward, stabilizing vacancy and lower interest rates may prompt more trading activity. Those seeking Class C assets may focus on the Oakland-Shadyside area, where vacancy remains the lowest among submarkets comprising over 15,000 units. Buyers looking for mid-tier assets may turn to suburbs like East Pittsburgh, one of the more budget-friendly options for renters near the CBD, where Class B vacancy fell by one of the widest margins last year. While upper-tier asset trades are sparse, investors may look at South Pittsburgh, which saw the largest Class A vacancy drop among submarkets last year to under 3 percent. A small 2025 pipeline should preserve tight operations, which bodes well for rent growth in the submarket this year.

2025 MARKET FORECAST

NMI RANK 45 *Despite robust revenue growth, slow household formation and low homeownership barriers weigh on the metro's NMI rank.*

+0.8% — **EMPLOYMENT:** Although hiring slows this year, the labor market will have regained all jobs lost during the pandemic and exceed the 2019 headcount. The metro will see an additional 10,000 positions.

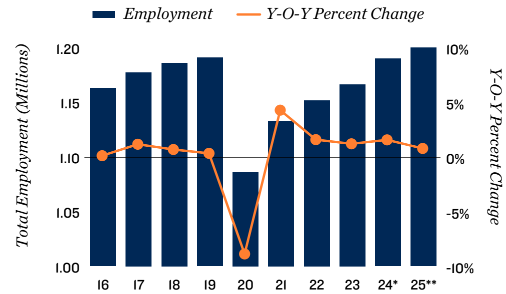
1,000 units — **CONSTRUCTION:** Completions will reach a four-year low, expanding inventory by 0.7 percent for the third-straight year. This is roughly in line with the post-2000 annual average.

-10 bps — **VACANCY:** Net absorption will slighly outpace deliveries for a second year, continuing vacancy's downward trajectory to reach a rate of 5.4 percent. This is 20 basis points above the trailing decade average.

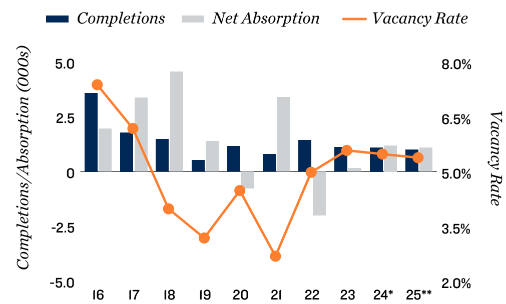
+3.1% — **RENT:** Less construction activity and higher household formation will provide rent growth momentum over the course of 2025. The average effective rate will increase to $1,576 per month by year-end.

INVESTMENT: *Investors may focus on areas near Hazelwood where Carnegie Mellon's Robotics Innovation Center and University of Pittsburgh's Bioforge are being developed, which may draw affluent renters in the near future.*

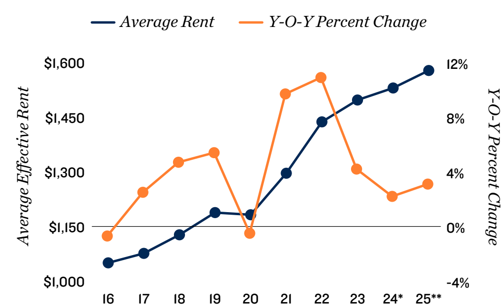
Employment Trends



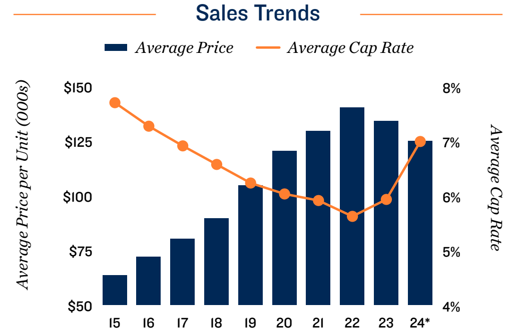
Supply and Demand



Rent Trends



Sales Trends



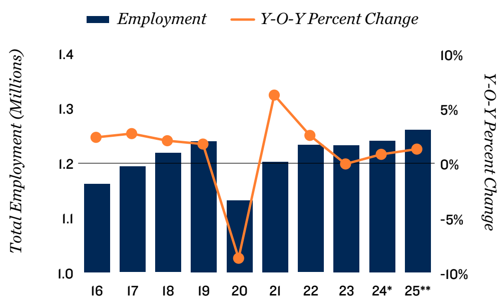
** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

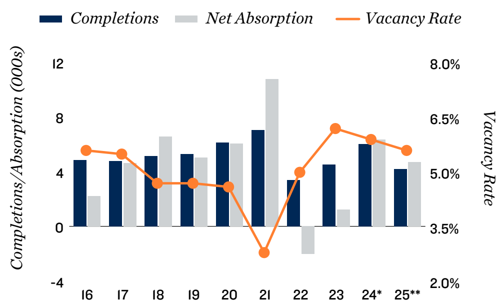
PORTLAND

Growing Renter Demand Aligns With Slackening New Supply as Wider Variety of Properties Trade

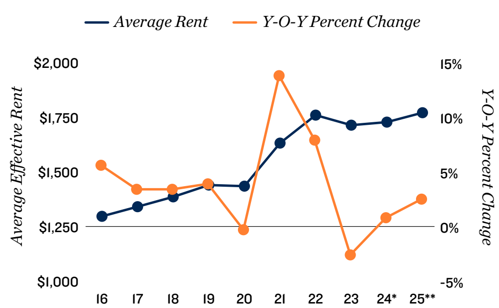
Employment Trends



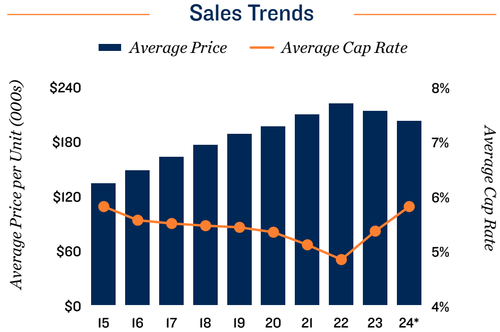
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Portland's outlook improves notably in 2025. After two years of rising vacancy and receding rent, Portland's multifamily metrics turned a corner in the third quarter of 2024, driving expectations for lower vacancy and stronger rent growth this year. Despite softer hiring last year, demographic factors behind apartment demand are fair. Both Portland's population and household growth rates will outstrip the national pace this year, while net in-migration exceeds the market's 2014–2019 annual average. This is supporting demand for rental housing at a time when metrowide inventory growth will slow to 1.7 percent annually — 60 basis points below the average rate from 2014 to 2019. The result is net absorption that is outpacing new supply. As 2025 builds on last year's progress, with vacancy tightening and rent growth gaining momentum, positive job creation will be key.

Investors and developers key in on the same areas. Deals closed in consistent patterns last year, but buyers may respond to more granular trends in key submarkets in 2025. Vancouver has been the top submarket for trades over the past two years and saw a ramp up in construction starting in 2023. While that new supply pressure ate into rent growth, Vancouver's lack of a state income tax supports rising renter demand long term. Vacancy and rents here are also set to improve moving forward, with the construction pipeline already starting to ease. In Southeast Portland, another investor hot spot, additional development has been met with immediate demand, resulting in overall vacancy falling to the low-5 percent band last year and Class A rent growth accelerating. Class C rents are also climbing, if less dramatically. Transaction activity evinces this trend, as Class C buildings here are overrepresented in sales relative to the metro in general. Overall, in Greater Portland, the class mix within trades is becoming more varied, supported in the near term by recent improvements in vacancy across all quality tiers.

2025 MARKET FORECAST

NMI RANK 22 — ***High barriers to homeownership bolster demand for rentals, reflected in falling vacancy and a top-half Index placement.***

+1.3% — **EMPLOYMENT:** Employment growth picks up from a slower 2024, with 16,000 jobs added — half of which are in traditionally office-using fields. Still, the pace of hiring will trail 2019.

4,200 *units* — **CONSTRUCTION:** Inventory expands by the slowest pace in three years at 1.7 percent. Vancouver, West Beaverton and East Portland will lead the pipeline, each welcoming around 1,000 units.

-30 bps — **VACANCY:** The metro's vacancy rate falls to 5.6 percent this year. Portland joins seven other major markets with equal or steeper vacancy contractions in 2025.

+2.5% — **RENT:** The average effective rent reaches $1,767 per month, with growth improving each quarter since its nadir in late 2023. East Beaverton had the most upward momentum coming into this year.

INVESTMENT: *Investors seeking stable drivers for middle-tier renter demand may look to the Gresham-Troutdale area, where Troutdale Industrial Park offers distribution jobs, aiding healthy Class C rent growth exiting last year.*

Supply Wave Distracts From Long-Term Prospects; Thriving Tech Center Supports High-Income Job Growth

Well-educated renter base fosters strong apartment demand. Raleigh's vacancy rate was just above 7.1 percent at the onset of 2025, a byproduct of elevated supply over the last two years. With another large completion slate scheduled for this year, the market may be further challenged. Balancing this influx, however, is solid demand. Net absorption is expected to set an annual record. Standout leasing will be driven by the metro's highly skilled workforce, as approximately 45 percent of the population held a bachelor's degree as of 2024. Raleigh's Research Triangle Park will also continue to attract both white-collar professionals and large businesses like Apple, which is currently constructing a campus here with a 2031 completion schedule. As Triangle Park continues to grow, the limited land available for residential development in the vicinity may drive long-term expansion within neighboring submarkets such as South and East Durham, as well as Northwest Raleigh. A limited 2025 pipeline in these three submarkets, with a combined 1,500 new units, should aid leasing activity at existing properties amid localized population growth. Significant office development in the North Hills of Northeast Raleigh will be accompanied by over 2,000 new apartment units in 2025.

Growing submarkets gain buyers' attention while CBD maintains its appeal. Investors remained active in Raleigh and Durham's downtown areas last year despite a drop-off in transaction volume across the board. The large inventory of diverse apartments in these urban cores, with a mix of ages and sizes, supports a varied buyer pool. Outside of the downtown areas, South Durham deal flow held relatively firm amid the elevated interest rate environment of the past few years, thanks to the area's proximity to the Research Triangle Park. As that section of the metro continues to draw large corporations, investors' desire for nearby properties may grow in tandem.

2025 MARKET FORECAST

NMI RANK 13 — ***The fastest rate of job creation of ranked markets, combined with robust household growth, secures Raleigh's top 15 position.***

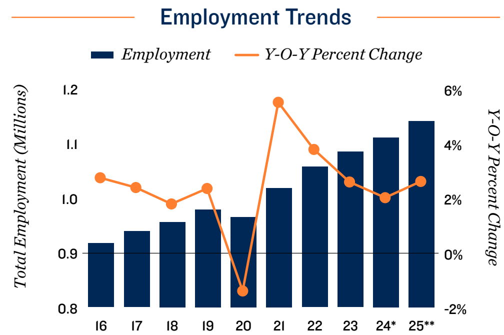
+2.6% — **EMPLOYMENT:** Job growth accelerates from 2024's recording as 29,000 new positions will be added. Of these additions, traditionally office-using roles will exceed last year as well.

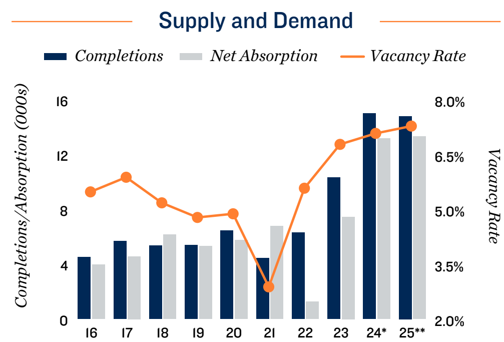
14,800 *units* — **CONSTRUCTION:** Inventory increases by 7.2 percent — the second-largest growth among major metros in 2025. Over 900 of the new units are slated to come online in Downtown Durham alone.

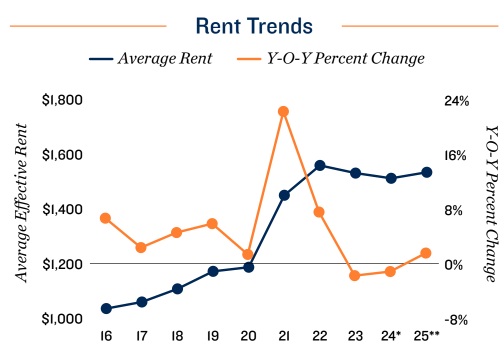
+20 bps — **VACANCY:** The metro has been slow to absorb the elevated supply additions from the previous few years. As such, local vacancy increases slightly this year to 7.3 percent — the highest level since 2009.

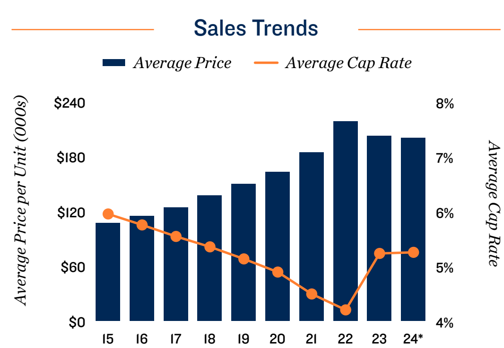
+1.5% — **RENT:** Record net absorption allows the metro's average effective rent to reach $1,530 per month. The moderate gain registered in 2025 ends a recent stretch of annual rate declines.

INVESTMENT: *Two large office buildings, comprising over 670,000 square feet, were completed late last year in North Hills. As companies begin to fill this space, nearby metrics for apartments could improve, eliciting activity.*









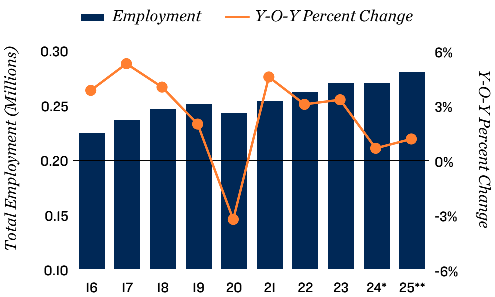
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

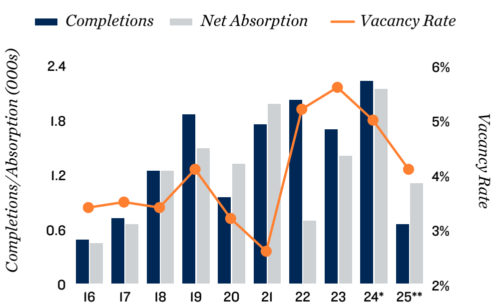
RENO

Nevada's Cost Efficiency Facilitates Relocations, Supporting the Metro's Positive Rental Trends

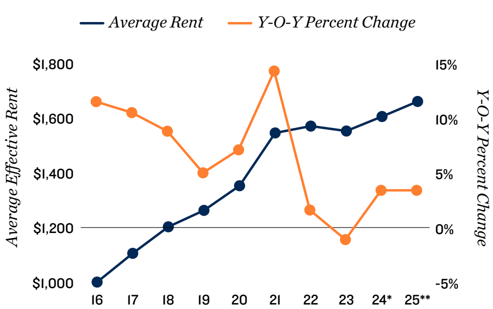
Employment Trends



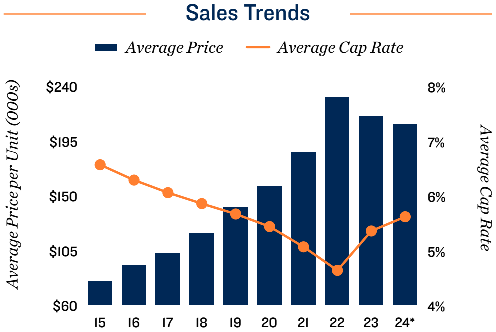
Supply and Demand



Rent Trends



Sales Trends



*Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Newer apartments gain momentum, while state legislation aids older stock. This year, Reno reports decreased supply pressure, with completions only a quarter of the level reported in 2024. This pullback is allowing demand to outpace supply for the first time in four years. Positive absorption has been driven by the relocation of professionals from neighboring states like California. This in-migration is due in part to the lower living costs offered in Nevada, including lower rents and no state income tax. While many white-collar workers in the metro were taking advantage of work-from-home policies in recent years, this era is beginning to wane. For the time being, professionals migrating to Reno should lean toward higher-income submarkets, such as the suburbs of Sparks and South Reno. As a result, upper-tier assets will be in demand over the near term, extending a recent trend. Class A and B segments saw a vacancy compression of 100 and 80 basis points, respectively, over the year ended in September 2024. Class C properties, meanwhile, are benefiting not only from lower living costs but also from rising wages. Nevada's minimum wage rose by $2.50 per hour in July of last year, which coincided with the average effective rent for Class C units hitting a record mark during third quarter 2024.

Mid- and low-tier apartments favored. Assets that traded in the metro have historically been Class B and C, constructed in the mid to late 1900s. Class C properties may continue to be sought-after, as evidenced by a 6 percent year-over-year increase to the average effective rent recorded in September 2024. Buyers interested in apartments built in the last 25 years may find the most opportunities outside of the McCarran Loop. Many of these outer areas, North Reno and parts of Sparks for example, have undergone significant development and will host over half of the completions again this year. Fundamentals in these areas may change, however, as working from home becomes less prevalent.

2025 MARKET FORECAST

NMI RANK 29 — ***Reno ranks in the top 30 as solid local household growth results in one of the lowest vacancy rates in the country.***

+1.2% — **EMPLOYMENT:** Job growth during 2025 exceeds that of last year as 3,200 new positions are added. The trend of traditionally office-using job losses slows from the reduction reported in 2024.

650 *units* — **CONSTRUCTION:** Completions fall below 700 new units for the first time since 2016. This supply pullback will provide room for already completed stock to be absorbed.

-90 bps — **VACANCY:** Limited apartment deliveries drive many renters to existing properties, supporting the largest vacancy drop among major markets in 2025. The rate will fall to 4.1 percent by December.

+3.4% — **RENT:** Rent climbs to a record of $1,658 per month. The Class C sector has reported a strong upward trend over the last 10 years due in part to a high percentage of blue-collar workers in the metro.

INVESTMENT: *With enrollment at the University of Nevada, Reno growing, the Northeast Reno and West University areas may attract investors that target rental properties proximate to major colleges.*

Affordability Continues to Attract Renters; Downtowns and Areas Near Major Highways Appeal to Investors

Living costs bolster renter demand amid uneven construction. Multifamily effective rents in the Inland Empire still constitute less than a third of the market's median household income — a mark of affordability in the Southern California region that is supporting local renter demand. This dynamic is most notable in areas bordering Orange County, such as Corona, Riverside and Moreno Valley, where the heaviest drops in vacancy over 2024 were reported. Upper-tier units found greater appeal in the first submarket, while the other two saw a surge in demand for lower-tier units. This momentum may carry forward as supply pressure eases in some of these areas. Despite a larger annual pipeline overall, most submarkets will see lower arrivals this year than in 2024, as deliveries remain concentrated in Temecula-Murrieta and areas near Perris. This distribution, coupled with state-leading net in-migration, will help foster demand for existing units, potentially driving tighter operations in submarkets like Ontario-Chino and Hemet-Perris-Lake Elsinore, where net absorption was strongest over 2024.

Assets closer to larger employment hubs prove appealing to investors. In 2024, deal flow was widespread across the Inland Empire's 30 cities, though Downtown San Bernardino and Fontana saw a notable volume of Class C trades. These areas attracted investors with high population density and strong labor markets. In Fontana, national investors also found lower entry costs and value-add options. Non-local buyers seeking sustained demand may be more active in Riverside and Corona this year, where Interstates 15 and 215, UC Riverside, and proximity to Orange County aid the rental outlook. This area offers affordability, with Class A and C rents below the market average, and has significant renter demand. Class C vacancy in Riverside fell over 500 basis points over 2024 — the steepest decline among submarkets.

2025 MARKET FORECAST

NMI RANK 36 — ***Heavy deliveries and the resulting rise in vacancy slides Riverside-San Bernadino below the Index midpoint.***

+1.5% — **EMPLOYMENT:** The metro's labor market will tie with that of Orange County for the fastest growth among Southern California metros this year. The workforce expands by roughly 25,000 personnel.

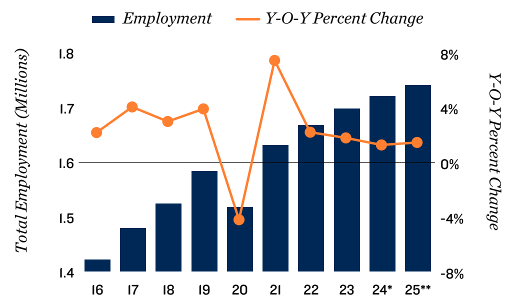
6,650 *units* — **CONSTRUCTION:** The volume of deliveries will grow for the third-straight year in 2025, reaching the highest point since 2007. The metro also boasts the largest pipeline among major California markets.

+10 bps — **VACANCY:** Amid supply-side pressures, demographic tailwinds will cap vacancy at 5.4 percent. The market's rate has not shifted notably from that level in three years.

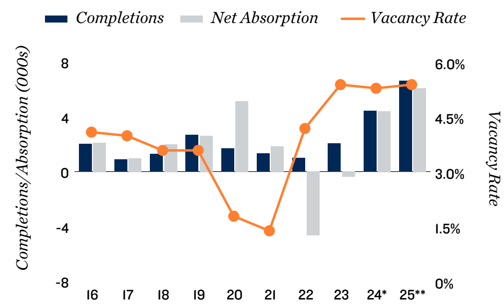
+2.5% — **RENT:** Despite greater net absorption than last year, rising vacancy will limit rent momentum as competition to retain renters climbs. The mean effective rate will lower to $2,289 per month as a result.

INVESTMENT: *Home to sub-1 percent Class C vacancy, an airport and a large industrial job hub, Ontario will likely register greater investor attention as multifamily supply pressures ease, aiding property performance.*

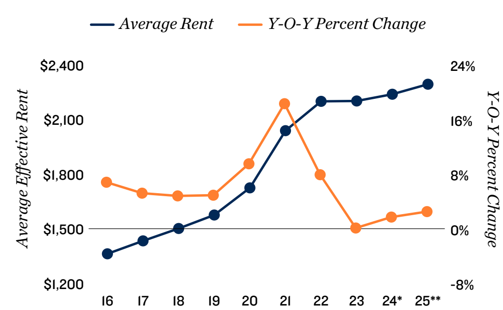
Employment Trends



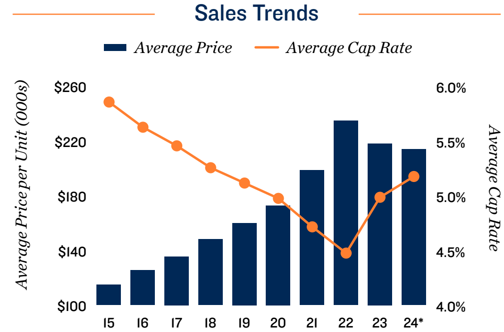
Supply and Demand



Rent Trends



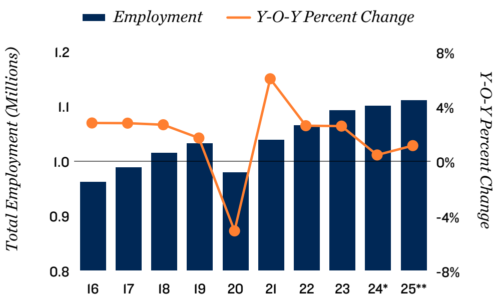
Sales Trends



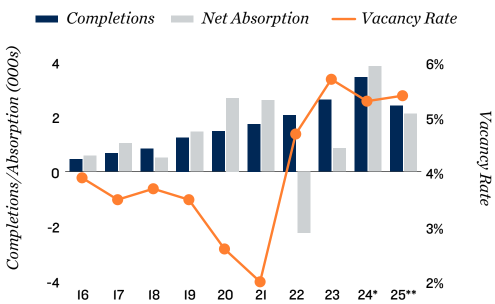
** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

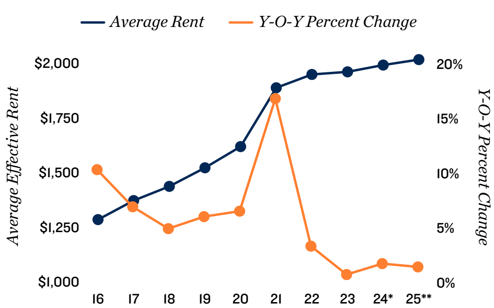
Employment Trends



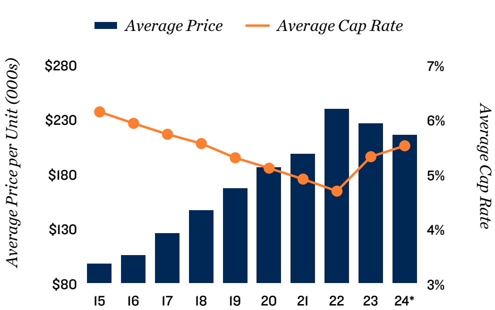
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

SACRAMENTO

As Supply Pressure Begins to Abate, Robust Renter Demand in the Core Becomes Clear

Construction activity projected to ease. With comparatively more affordable mean effective rents than Bay Area markets, Sacramento will also host a faster growing labor market than San Francisco or San Jose this year. Together, this will drive household formation and demand, aiding areas with supply pressure like Central Sacramento, which has seen the most annual deliveries among submarkets since 2022. Despite record-high vacancy entering 2024, the CBD rate declined notably over the past year, with the most net absorption of any submarket. Vacancy should continue declining under a reduced 2025 pipeline, allowing rent growth to return. This dynamic is also in submarkets adjacent to the urban core, like Natomas where vacancy fell below 5 percent last year. The minimal 2025 pipeline here will aid fundamentals as more renters enter the market seeking proximity to Sacramento Airport, the CBD and a strong K-12 school system.

Activity remains condensed in the urban core and first-ring suburbs. Like construction, investor activity is strongest in areas near Downtown, holding the largest share of transactions in recent years. Buyers here are gravitating to budget-friendly assets, which are largely unaffected by new arrivals. These Class C assets garnered greater attention from Bay Area investors last year, boasting a higher mean monthly rent than the local Class B mean. Investors looking to deploy less than $3 million have found options with entry costs below the market mean of $215,000 per unit. Adjacent to the CBD, Old North Sacramento saw greater buyer interest, with some utilizing 1031 exchanges for similar assets traded at under $150,000 — likely due to the need for capital improvements. With the third-largest 2025 pipeline among submarkets, this area may see elevated Class C activity, whose fundamentals continue to outperform the other classes. Insulated from new builds, Class C vacancy here dropped by more than 100 basis points over 2024.

2025 MARKET FORECAST

NMI RANK 38 — ***Regionally strong employment growth will not make up for modest rent growth, constraining the metro's 2025 NMI rank.***

+1.1% — **EMPLOYMENT:** Hiring here will exceed nearby major markets in Northern California by at least 2,000 jobs, clocking in at 12,500. This is a little under the past five-year average of 1.5 percent growth.

2,400 *units* — **CONSTRUCTION:** Construction will slow for the first time since 2015 after reaching a new all-time high last year. Inventory will only expand by 1.5 percent, heaviest in Central and North Sacramento.

+10 bps — **VACANCY:** Despite more than 2,000 apartments opening in each of the past four years, vacancy will only tick up to 5.4 percent this year, which will be the third-tightest rate among major California markets.

+1.3% — **RENT:** While supply pressures will constrain rent growth, the average effective monthly rate is expected to reach a new high of $2,010, though this lags behind gains seen in the Bay Area.

INVESTMENT: *With the Missing Middle Housing Interim Ordinance now allowing for multi-unit housing in previously all single-family neighborhoods, investors may open themselves to new areas in the future.*

Young Workforce Growth and Major Investments Strengthen Salt Lake City's Rental Market

Rental demand rising amid easing construction activity. Salt Lake City continues to see elevated rental demand in 2025, fueled by an over 2.0 percent increase in its 20- to 34-year-old population — the fastest among major metros west of Texas. Renters seeking a live-work-play lifestyle are driving leasing activity, particularly employees from Lehi's burgeoning tech industry. Despite local Class A rents that are on average more than 20 percent below the U.S. mean, the influx of new units has intensified competition. A decade-high number of units offered concessions in late 2024. While development levels remain elevated this year, total supply additions will hold below the 2019 peak, as construction eases amid market saturation concerns. Over 5,000 units are slated for 2025, set to expand inventory by about 5.7 percent. Concurrently, home values have surged by over 33 percent in the past four years, exacerbating affordability issues and keeping potential buyers in the rental market. These dynamics bode well for the mid- to long-term performance, aligning with Salt Lake City's strong economic outlook.

Favorable conditions revitalize investment prospects in 2025. With the slight decrease in interest rates, Salt Lake City is poised for increased trading activity this year. In 2024, the average price per unit fell to its lowest point in three years at nearly $209,000, offering investors more affordable entry points. Suburban areas — notably the South Salt Lake area — have seen increased trading. Local government incentives for affordable housing and strong fundamentals may boost sales this year. In a market once led by local buyers, out-of-state investors are active, with many coming from California. These investors are focusing on 1980s- and 1990s-vintage Class B and C assets, which have recently traded at prices spanning $180,000 to $225,000 per unit. With a new hospital and the arrival of an NHL team set to drive job creation, rental demand is likely to increase.

2025 MARKET FORECAST

NMI RANK 7 *An influx of young renters and strong rent growth keeps Salt Lake City in the top ten of the Index for the second year.*

+1.4% **EMPLOYMENT:** Employers will add a net of 20,000 jobs locally in 2025, which is the smallest addition since 2021. Still, Salt Lake City's hiring total is almost double that of nearby Denver.

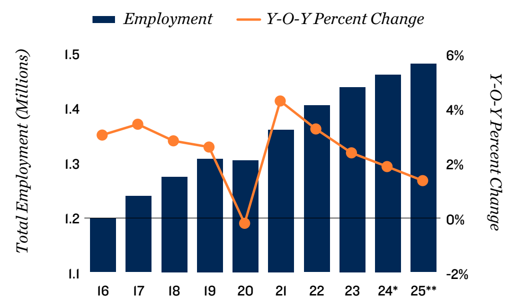
5,500 *units* **CONSTRUCTION:** Deliveries are set to cool, falling below the metro's five-year average of 5,800 units. Downtown and South Salt Lake City will account for over half of this new inventory.

-40 bps **VACANCY:** Availability will contract to 5.7 percent this year as a decrease in new supply coincides with growth of the metro's 20- to 34-year-old cohort. This marks a second year of vacancy decline.

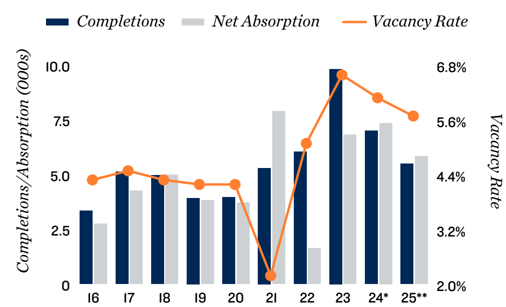
+3.4% **RENT:** Strong population trends and a notable disparity between the cost of homeownership and renting are poised to accelerate rent growth this year, boosting the effective rent to $1,618 per month.

INVESTMENT: *Salt Lake City's zoning reform enables by-right quadplex development citywide, streamlining approvals and unlocking high-yield opportunities in single-family areas like Yalecrest and Highland Park.*

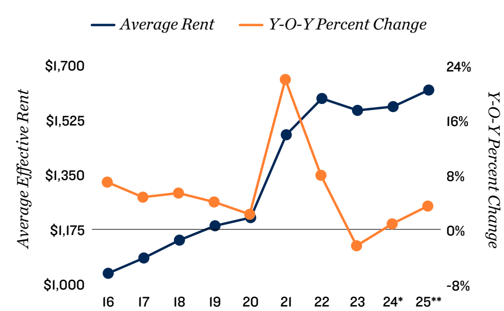
Employment Trends



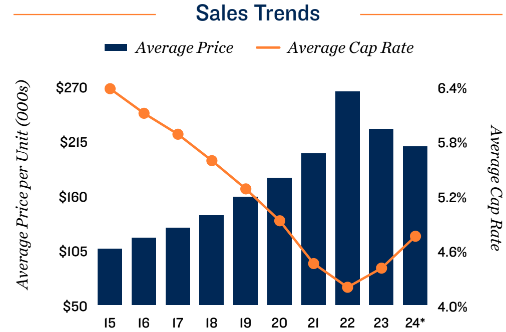
Supply and Demand



Rent Trends



Sales Trends



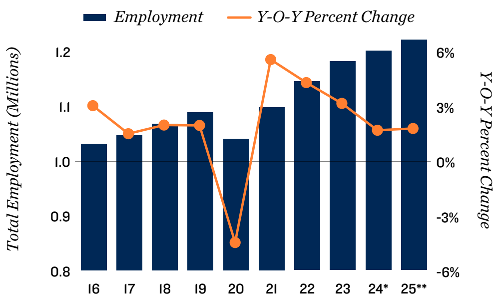
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

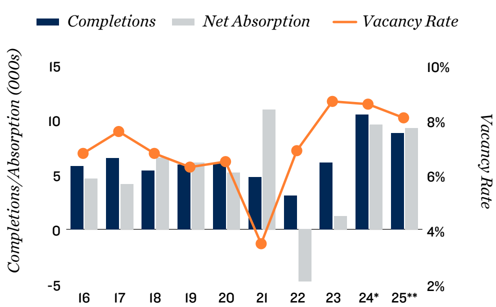
SAN ANTONIO

Suburban Developments Underway, Supporting Large Population of Young Professionals

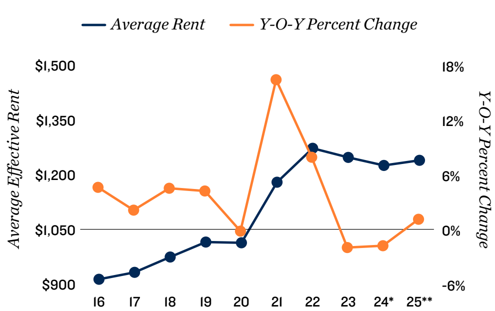
Employment Trends



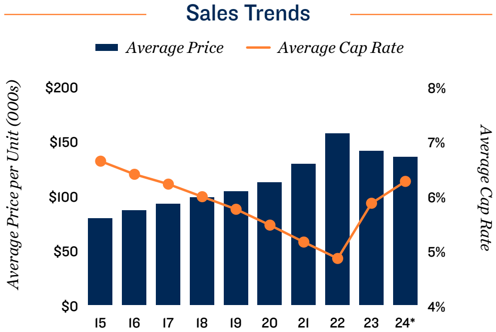
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Swift development bolstered by strong in-migration associated with Sunbelt. San Antonio continues to grow at its borders with a near record number of apartments slated to open, heaviest in New Braunfels, Far Northwest and South San Antonio. The metro continues to be popular with Gen Z and other young professionals, drawn by a lower cost of living compared with the Northeast and West Coast, as well as job opportunities at large companies headquartered here, such as USAA, Valero and H-E-B. Approximately 41 percent of the total male population has never been married, a lifestyle often associated with home ownership, which has helped Class A vacancy to maintain a rate below the metrowide average since 2022. Notably, submarkets in the western half of San Antonio have been highly sought-after by renters, especially in the Northwest where the median age is under 30. This area's proximity to The University of Texas at San Antonio, combined with a direct travel route to downtown, may allow Class A vacancy here to hold below the metrowide mean throughout 2025.

Submarkets adjacent to the CBD sustain strong renter demand, eliciting investment. With a higher concentration of 20- to 34-year-olds than the national average and a Class A vacancy rate below the U.S. mean, San Antonio may attract additional interest from active investors in 2025. The majority of luxury apartments traded over the last five years have been in the northern half of San Antonio, though elevated development here may sway this momentum in the near term. On the other hand, investors targeting older buildings with value-add potential have been active in North Central, Southeast and West San Antonio. The average age of Class C units traded in these areas since 2018 has exceeded 50 years. This aligned with both South and West San Antonio seeing above-average Class C rent growth at the onset of 2024.

2025 MARKET FORECAST

NMI RANK 35 — ***While San Antonio records the third-largest vacancy drop in 2025, it falls from a high level, weighing on the NMI rank.***

+1.8% **EMPLOYMENT:** The metro will add 21,500 new roles this year, slightly surpassing the 2024 metric. Of this gain, 3,500 are white-collar jobs, following minimal hiring in that sector last year.

8,800 *units* **CONSTRUCTION:** After a record-steering 2024, completions will again exceed 8,000 units this year, increasing inventory by 3.7 percent. San Antonio's growth trajectory is likely to extend into 2026.

-50 bps **VACANCY:** A vacancy compression trend may be forming, as the metrowide rate will fall for the second-straight year. Suburbs like New Braunfels and Alamo Heights will fuel the drop to 8.1 percent.

+1.1% **RENT:** Gains to the average effective rent will inch the rate up to $1,237 per month, ending a negative trend started in mid-2023. The metro is home to the second-lowest mean rent of major U.S. markets.

INVESTMENT: *Investors bullish on the ongoing growth prospects of the quickly expanding New Braunfels-Schertz-University area may look toward multifamily assets along Interstate 35 as amenities are added to the city.*

Diverse Renter Pool Shifts Vacancy Trajectory; Areas of Long-Term Tightness Coveted by Investors

Cost-of-living factors benefit owners across property tiers. San Diego's median home price surpassed the $1 million mark last year — a milestone that will limit housing options for a large percentage of the local populace in 2025. Concurrently, the metro entered this year with sub-5 percent vacancy despite its near-record average effective rent. Together, these factors will facilitate strong near-term demand across the multifamily spectrum. Households seeking Class C apartments will gravitate to cities composing East and North counties, as well as neighborhoods immediately south and east of Downtown San Diego, preserving sub-4 percent vacancy in these areas. Higher-earning residents priced out of homeownership should aid Class A and B fundamentals and leasing activity for the large-scale projects slated for completion. Contrasting prior delivery waves, upcoming additions of size are in the suburbs of San Diego proper. As such, the relatively small number of units slated for Downtown San Diego should be well received, potentially returning CBD vacancy to a rate more in line with its prior 10-year mean.

Long-term stability attracts buyers to many reaches of the county. San Diego was the top U.S. secondary market for closings last year despite ranking as one of the highest-cost major metros for multifamily investment. In 2025, the market is poised to retain this standing, as local housing dynamics support the execution of various investment strategies. Buyers targeting neighborhoods long popular among young professionals will comb Balboa Park-adjacent North Park and coastal Pacific Beach, where assets typically command premium pricing. Investors focused on cities that have exhibited sub-4 percent vacancy for more than a decade will target El Cajon, Escondido and National City. Elsewhere, the northernmost reaches of San Diego proper and the Highway 78 Corridor may gain appeal, as both entered 2025 with vacancy below their long-term average.

2025 MARKET FORECAST

NMI RANK 14 — ***Homeownership hurdles support strong rental demand and offset moderate job growth, placing San Diego in the top 15.***

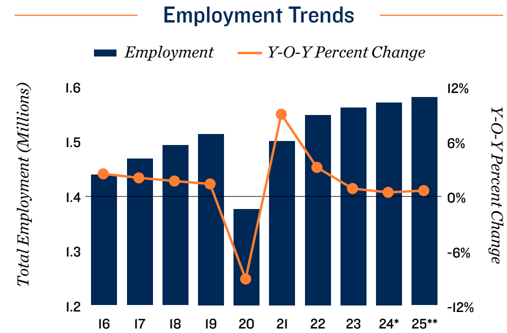
+0.6% — **EMPLOYMENT:** Mirroring other major California markets, San Diego registers a slight year-over-year improvement in job creation. As such, the local workforce will expand by 10,000 positions in 2025.

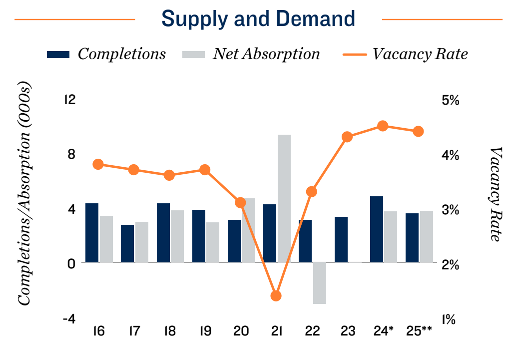
3,580 *units* — **CONSTRUCTION:** Developers grow rental stock by at least 1 percent for a fifth-straight year. Deliveries are clustered in San Diego proper, however, while no other city adds more than three properties.

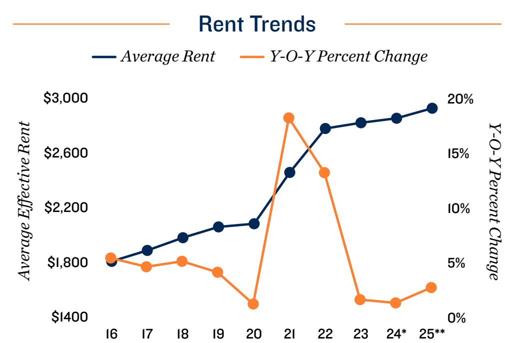
-10 bps — **VACANCY:** A decline in overall completions and steadfast renter demand for lower-cost apartments drops vacancy to 4.4 percent. This marks the second-lowest rate among major California markets.

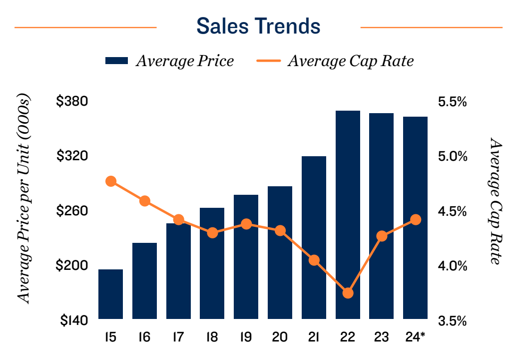
+2.6% — **RENT:** An annual net absorption reading on par with last year's tally supports a moderate pace of rent growth. At $2,913 per month, San Diego's mean effective rate exceeds that of Los Angeles County.

INVESTMENT: *San Diego State University, University of California San Diego and Cal State San Marcos all posted record enrollment for the Fall 2024 semester, which should fuel investor demand for listings near each campus.*









* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

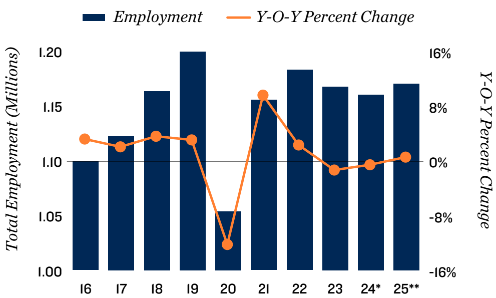
SAN FRANCISCO

Recovering Bay Area Labor Market and Concentrated Construction Provide Strategic Investment Options

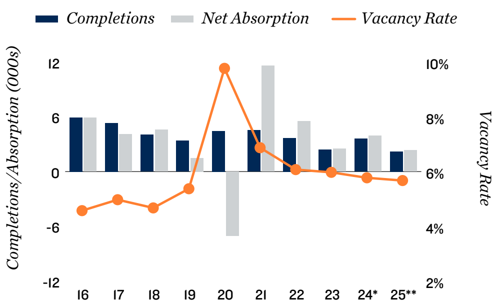
In-person work policies extend multifamily recovery. Fueled by return-to-office mandates such as Salesforce's four-day in-person policy and tech firm expansions like OpenAI's 315,000-square-foot office addition, migration into San Francisco will continue amid the first labor market growth since 2022. This will help tighten multifamily fundamentals metrowide after nearly all submarkets saw vacancy fall last year. The stretch from Visitacion Valley to Downtown stood out, with over 50 percent of the city's net absorption and annual effective rent growth north of 2 percent. As household formation inches back up to 2013 levels this year — over 1 percent — the suburbs between the cities of South San Francisco and San Mateo will see a similar trend. With flexibility to commute north to San Francisco proper or south to Palo Alto, this area saw vacancy dip last year, boasting over 70 percent of San Mateo County's net absorption. Notably fewer deliveries here should allow local vacancy compression to continue in 2025.

Clustered construction presents opportunities for investors. Amid a thinner pipeline in 2025, Mission Bay, China Basin and Potrero Hill will still capture the bulk of new arrivals, constraining luxury apartment performance in the eastern side of the city. As a result, investors are likely to focus more on Class C assets near Downtown and higher-tier assets in the city's western region. In 2024, deal flow for assets under $5 million centered primarily around Nob Hill, Castro and the Mission District, with most trades involving early 20th-century buildings and cap rates mainly in the high-5 percent to low-6 percent range. Castro and the Mission noted an elevation in Class B trades, while Nob Hill and areas east of Highway 1 saw more Class C activity. This year, investors within the city of San Francisco will also have to contend with a ban on certain revenue management tools. Those looking to avoid that hurdle may turn toward San Burno and adjacent submarkets.

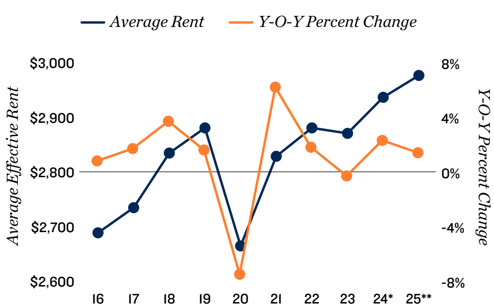
Employment Trends



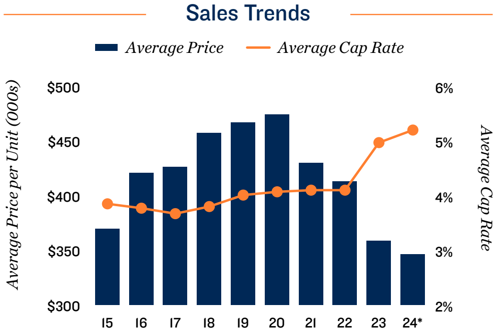
Supply and Demand



Rent Trends



Sales Trends



*Estimate; **Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

2025 MARKET FORECAST

NMI RANK 33 — ***Low supply pressure and high home prices are offset by subpar rent and job growth, placing the metro below the Index midpoint.***

+0.6% **EMPLOYMENT:** Despite net job losses over the past two years, unemployment entered 2025 below its historical mean of 4.7 percent. The metro will see improvement this year with 7,000 net new jobs.

2,200 units **CONSTRUCTION:** The market will welcome its lowest annual delivery total since 2012, expanding inventory by only 0.8 percent. Areas near Richmond and San Bruno will see minimal arrivals.

-10 bps **VACANCY:** As rental demand continues to grow in the metro this year, vacancy will inch down to 5.7 percent. This falls roughly in line with the past decade average of 5.8 percent.

+1.4% **RENT:** Fewer completions will help strengthen rent growth, particularly in areas with minimal supply additions. The metro's average effective rent is set to reach $2,975 per month.

INVESTMENT: *Long-term investors may look into Bayview-Visitacion Valley assets, as construction of Youtube's headquarters — comprising two multi-story office buildings — is on track to finish phase one of five this year.*

Job Growth in Higher-Paying Careers Aids San Jose's Rental Market as Larger-Scale Projects Deliver

Demand warrants new supply, maintaining market equilibrium. San Jose has fully recovered from 2023 job losses and is set for a stronger labor market. This will help the metro's household formation reach its highest level since 2015. Submarkets between Mountain View and Downtown San Jose are likely to see multifamily fundamentals improve amid a high density of major employers expected to grow staffs in 2025. Notably, North Sunnyvale and Santa Clara, which had the most apartment deliveries in 2024, also recorded the largest net absorption tallies. The former is expected to stay the least vacant submarket under a scant 2025 delivery pipeline, while the latter is set to see the, albeit warranted, largest supply influx locally. Meanwhile, demand for Class C units in the South Sunnyvale-Cupertino area may remain strong. Last year, the area noted a triple-digit basis point decline in Class C vacancy, indicating renters covet lower-cost housing options in the metro's most expensive submarket.

Sustainable demand drives investor activity. Buyer competition for budget-friendly units is set to increase in the CBD and first-ring suburbs this year, as Class B and C vacancy rates in the 4 percent range point to strong demand for lower-cost rentals. Class C activity may accelerate in the Santa Clara-Central San Jose area, where over 50 percent of the metro's delivery slate will be delivered. Last year, private buyers utilized 1031 exchanges to acquire assets near Santa Clara and San Jose State University, with entry costs typically under $350,000 per unit. While buyers are likely to pursue similar trades this year, some may shift their focus to areas near Santana Row in West San Jose. Here, Cisco's consolidation of four North San Jose offices and subsidiary Splunk into a single office will drive local economic activity and boost renter demand through 2025.

2025 MARKET FORECAST

NMI RANK 28 — ***Despite modest 2025 rent growth, some of the highest homeownership barriers in the country place San Jose inside the top 30.***

+0.7% — **EMPLOYMENT:** Even with two years of office-using job loss, overall unemployment was below the historical mean of 5.5 percent entering this year. The market will add net 8,000 new positions in 2025.

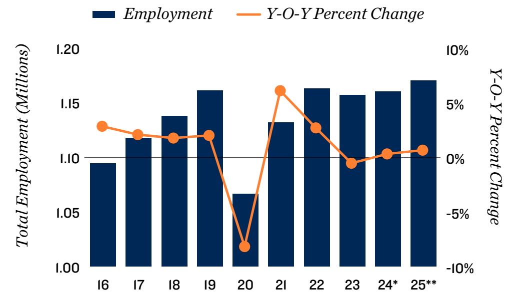
3,900 *units* — **CONSTRUCTION:** Completions will expand inventory by 2.1 percent — the strongest growth since 2020. Local delivery volume will equal the combined tally for Oakland and San Francisco.

+10 bps — **VACANCY:** Demand will slightly trail the supply influx this year, inching vacancy up to 4.7 percent. The lift noted in 2025 follows a two-year span where the local rate rose by just 10 basis points.

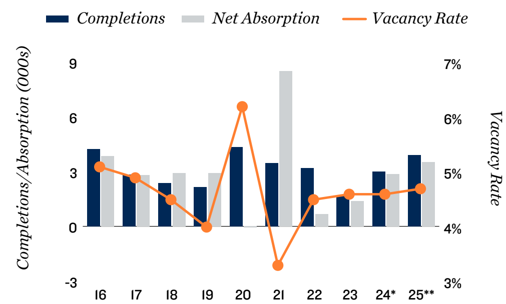
+1.8% — **RENT:** Relatively consistent demand for rentals across asset tiers will bolster the metro's mean effective rent up to $3,185 per month. This will be the highest metric among the major Bay Area markets.

INVESTMENT: *East San Jose noted the strongest Class C rent growth among submarkets last year, yet holds the metro's lowest mean rate. This and the area's scant pipeline should attract investors seeking upside potential.*

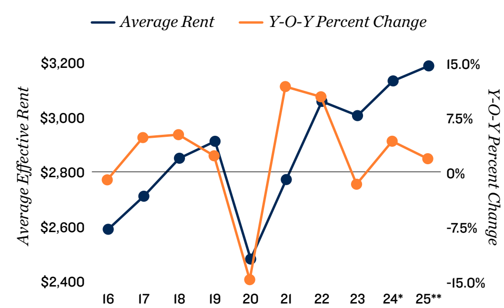
Employment Trends



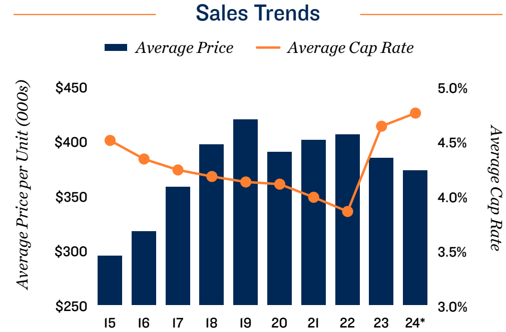
Supply and Demand



Rent Trends



Sales Trends



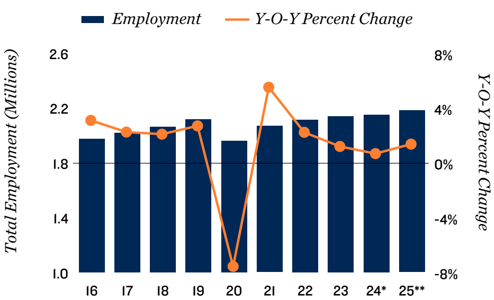
** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

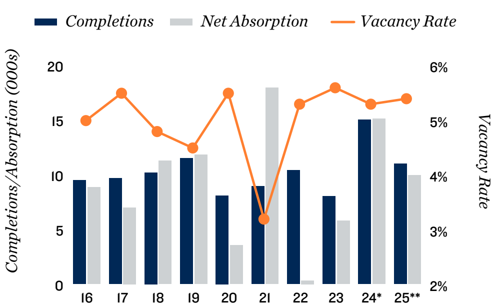
SEATTLE-TACOMA

Eastside Apartment Performance Bolstered as Renter Demand Spreads Across Seattle Region

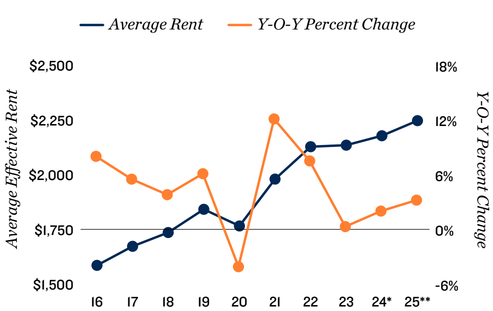
Employment Trends



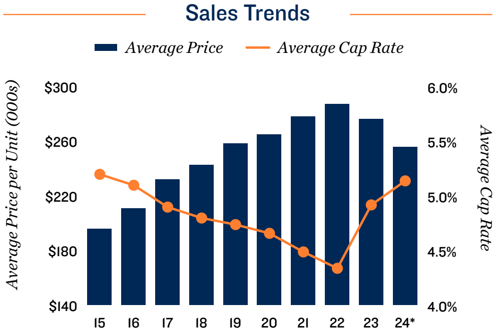
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Momentum shifting within core Seattle amid escalating suburban demand. The gap between suburban and CBD vacancy rates has narrowed since 2023, entering the new year just 70 basis points apart. Bellevue stands to benefit from Amazon's recent relocation, which pulls along associated firms such as Perkins Coie, likely shifting some renter demand away from core areas. Vacancy rose in Capitol Hill last year, in contrast to the other submarkets that form the CBD where the rates dropped, although elevated construction contributed to the increase. Fewer projects in store for Capitol Hill in the near future will give recent openings time to stabilize. Low supply pressure is also benefiting East Bellevue. The few projects slated to arrive this year will allow the submarket to remain one of the few with a sub-5 percent vacancy rate in 2025, joining nearby Redmond as well as South Tacoma-University Place. The latter area boasted the largest vacancy contraction last year to the lowest measure in the Tacoma area.

Downtown-adjacent neighborhoods draw attention. Investors looking for a marriage of good performance metrics and liquidity will likely look to Queen Anne and areas south and west of Downtown. While elevated completions in Queen Anne early last year challenged vacancy here, greater net absorption has put the rate on a downward trajectory coming into 2025. Vacancy is on a similar path in West Seattle, which saw a comparable number of trades to Queen Anne last year, relative to local inventory. Elsewhere, the South Tacoma-University Place area began 2025 with rapidly declining vacancy and near 4 percent year-over-year rent growth. Fewer deliveries scheduled for the submarket than last year brightens the local outlook. Investors have found recent opportunities here with Class C assets spanning 10 to 80 units. Nearby, annual Class C rent growth exceeding 5 percent in Puyallup may lead investors to target local listings with increased frequency.

2025 MARKET FORECAST

NMI RANK 16 — ***Seattle-Tacoma ranks in the top 20 as high home prices motivate renting, holding vacancy below the metro's long-term average.***

+1.4% — **EMPLOYMENT:** Metro employers are slated to add 30,000 new jobs. Notably, the rate of employment growth is expected to accelerate at a time when the national pace is slowing.

11,000 *units* — **CONSTRUCTION:** For the fifth time in eight years, developers complete more than 10,000 units, expanding local inventory by 2.4 percent in 2025.

+10 bps — **VACANCY:** Still below 2023's relative peak at 5.6 percent, the vacancy rate ends 2025 at 5.4 percent. Net absorption, though declining, is estimated to match incoming completions.

+3.2% — **RENT:** Renter demand nearly matching delivery volume in 2025 will help push the average effective rent up to $2,243 per month by the end of the year.

INVESTMENT: *Redmond ranks as one of the least vacant West Coast submarkets with more than 15,000 units of inventory. This dynamic may steer buyers to local listings in 2025.*

Steady Rent Growth May Boost Investor Activity; Demand Underpinned by Renter Demographic

CBD rounding the bend as stalwart suburbs bolster market. The St. Louis apartment sector enters 2025 on the back of strong suburban performance. Vacancy in the suburbs ended last year on par with the average across the five years leading up to the pandemic, aided by sub-5 percent availability in St. Charles County, the South St. Louis-Jefferson County area and the Chesterfield-Ballwin-Wildwood area. Headwinds are stronger in the central business district, however, where vacancy ended last year near 9 percent. Net absorption here turned the corner into positive territory entering 2025, with projects such as Isreal Chemicals Ltd.'s fourth battery material manufacturing plant in North St. Louis to create new jobs and demand for housing in and around the city proper. Overall, a large and growing education and health services sector in the market is supporting improving operations for Class B and C rentals, in particular, while fewer completions anticipated in the near future will allow the luxury segment to stabilize.

Persistent investment activity for lower-tier assets. While transactions have slowed over the past two years, some buyers are still active within the metro, particularly in areas just outside of the city center. Smaller private investors have targeted local Class C buildings due to the strong fundamentals. South St. Louis City reported an uptick in asset trading last year, aided by a large and varied inventory. Trades ranged in size from five to 350 units, including post-2010 and pre-1900 builds as well as everything in between. This diversity opens the door for a variety of investment strategies, including renovation or long-term holds. North St. Louis County has also recorded strong sales volume in 2024. Buyers were attracted to the submarket's younger, predominately working-class demographic, which is similar to St. Louis city proper. Properties traded here over the last three years have on average sold for upward of $20,000 less per unit than in the CBD.

2025 MARKET FORECAST

NMI RANK 49 *Slow population and employment growth on top of a high vacancy rate place St. Louis in the lower echelon of the Index this year.*

+0.7% **EMPLOYMENT:** Job growth slows; yet, 10,000 new roles will be added by December. The health and social care sector saw over 10,000 additions last year, sparking momentum likely to carry into 2025.

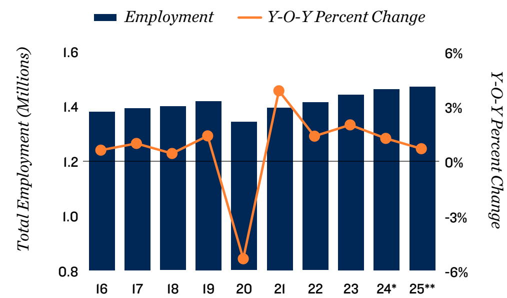
1,700 *units* **CONSTRUCTION:** Completions fall below 2,000 units for the first time since 2021, growing inventory by 1 percent. One-third of this year's pipeline will be in the area directly west of St. Louis proper.

+10 bps **VACANCY:** The vacancy rate will inch up by 10 basis points to 6.1 percent. The pullback in supply additions will not be substantial enough to balance a short-term drop in demand due to slower hiring.

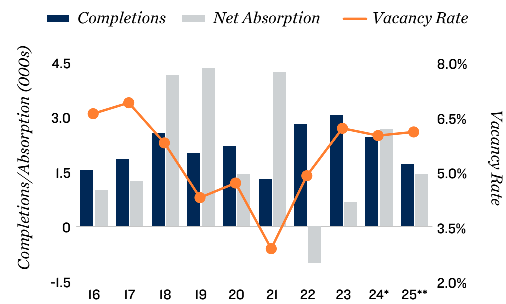
+3.0% **RENT:** The average effective rent will reach $1,401 per month by December. This growth is expected to continue a steady upward trend that has endured over the last decade.

INVESTMENT: *Assets near the Lambert International Airport may exhibit stronger fundamentals long term. Boeing's 979,000-square-foot expansion here will be completed in 2026, bringing additional renters to the area.*

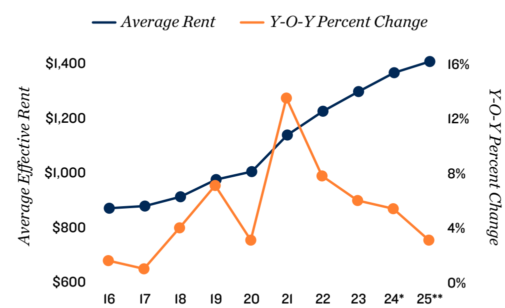
Employment Trends



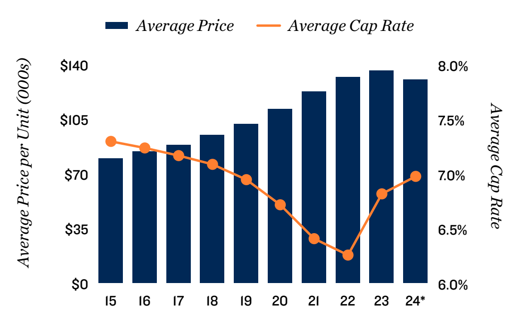
Supply and Demand



Rent Trends



Sales Trends



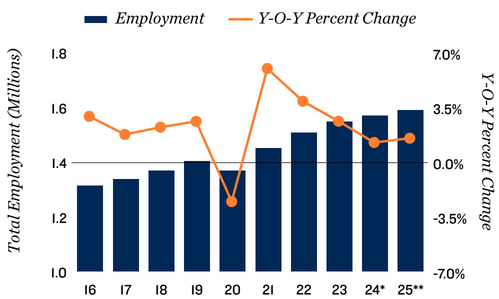
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

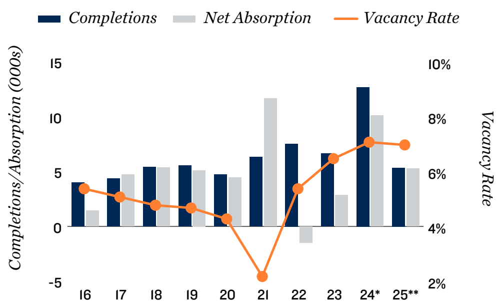
TAMPA-ST. PETERSBURG

Tampa-St. Petersburg Sustains Renter Demand, Balanced by Rising Insurance Costs

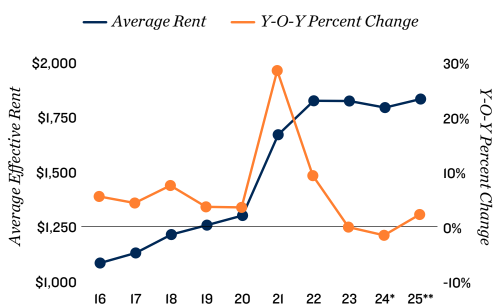
Employment Trends



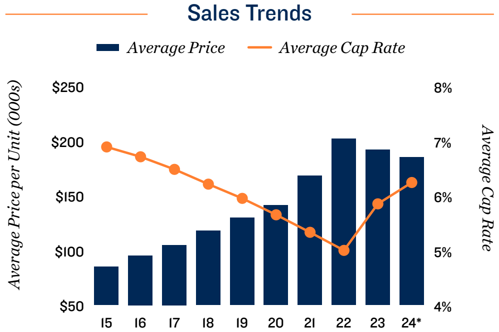
Supply and Demand



Rent Trends



Sales Trends



** Estimate; ** Forecast*

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Metro's appeal for employers increases need for rentals. While net absorption will fall this year to half the 2024 metric amid decelerating population growth and rising living costs, the gain will still be near the 10-year average. This new demand, in combination with a pullback in completions, will help balance the vacancy rate and create minor gains in the average effective rent. Moreover, Tampa-St. Petersburg continues to attract businesses, providing new local job opportunities that will bolster economic activity. The staffing and talent firm Insight Global is one such relocation, as they are expected to lease 20,000 square feet in Midtown starting early 2025. Foot Locker has also moved their headquarters to St. Petersburg from New York City, encouraging some of their current employees to migrate as well. Living and operating costs that are still lower than in many northeastern metros, in addition to not having an income tax, enhance Tampa's appeal for both relocating businesses and renters. This dynamic holds true for many professionals, even as the risk of natural disasters has raised the insurance burden for property owners.

The insurance crisis becomes increasingly visible in Florida's major markets. The monthly insurance premium for an apartment in Tampa-St. Petersburg has more than quadrupled since 2018. At an average of upwards of $115 per unit as of September 2024, before the impact of Hurricane Milton, the metro already noted the second-highest insurance premium among major Florida metros. This may cause some investors to rethink their strategies, potentially opting for less coverage or seeking properties in areas with more flood resistance. However, rising insurance costs also act as an additional barrier to homeownership, which could prove to be a boon for the local vacancy rate. Florida's homeowners' insurance premiums are 50 percent over the U.S. mean — upward of $3,700 per year on average — providing renters with further incentive to renew their current leases.

2025 MARKET FORECAST

NMI RANK 11 *Tampa-St. Petersburg is kept from a top 10 NMI placement by rent growth that plateaus slightly compared with previous years.*

+1.6% **EMPLOYMENT:** Of the 24,500 roles added in 2025, about 20 percent will be in traditionally office-using sectors, supporting demand for Class A and B units among white-collar workers.

5,350 *units* **CONSTRUCTION:** Completions are expected to fall below the 6,000 mark for the first time since 2020 as inventory expansion moderates to a level closer aligned with the 10-year average of 2.2 percent.

-10 bps **VACANCY:** Reduced supply pressure and positive net absorption allow vacancy to contract for the first time in four years. The rate will nudge down to 7.0 percent by December as a result.

+2.2% **RENT:** Average effective rent will inch up to $1,829 per month, reversing a negative trend started in 2022, as elevated completions and inflation — the main drivers of the decline — ease.

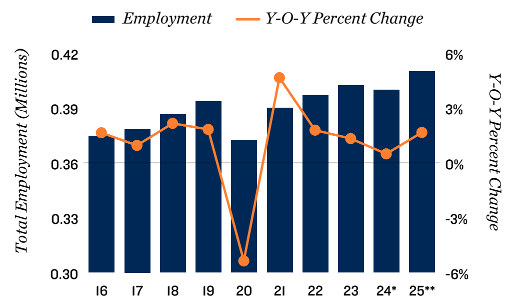
INVESTMENT: *Pinellas County submarkets may continue to hold investor attention with relatively higher monthly effective rents compared with much of the metro, as well as available land for possible supply additions.*

Cost-of-Living Benefits Spur a Second Year of Encouraging Demand; Investors Take Note

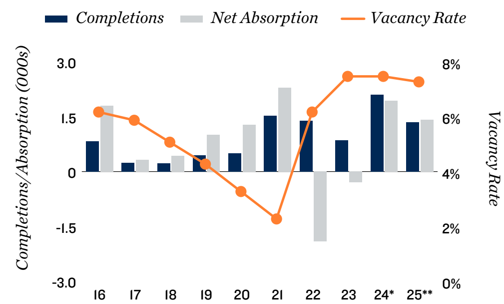
Demographic tailwinds aid the rental landscape. After the setbacks of household consolidation and rising vacancy in 2022 and 2023, Tucson showed signs of a rebound last year that is poised to extend through 2025. Fewer completions in several submarkets, along with an over 2 percent increase in household formation, will help bolster demand for existing units as the market's affordability draws residents from higher cost-of-living metros. Tucson will welcome over 10,000 transplants for the fourth-straight year. Some areas popular among new residents include Casa Adobes-Oro Valley and Airport-Drexel Heights-Sahuarita, which saw vacancy below the market level last year despite many deliveries, aided by the market's highest net absorption counts. Tucson's single-family housing market dynamics will also foster greater rental appeal. While the gap between the Class A rent and the typical median home mortgage payment in Tucson is narrower than in Phoenix, its home prices are higher relative to the local median income.

Financing advantages warrant regional appeal. Elevated interest rates should continue to attract investors seeking higher-yield opportunities. In 2024, deal flow for Class B and C assets priced under $150,000 per unit were concentrated in East and Central Tucson, driven by investors based in Phoenix and Southern California. Meanwhile, buyers from beyond the southwestern U.S. saw greater appeal for Class B properties in Northwest Tucson. Class B assets in areas like Casas Adobes-Oro Valley may receive continued interest. Despite elevated construction, the area's vacancy was largely unchanged last year. Investors not focused on higher-yielding opportunities may focus on the local pipeline. Deliveries in over half of Tucson submarkets will taper in 2025 and limited construction starts will reduce supply-side pressure beyond this year, boosting the performance outlook for newer assets going forward.

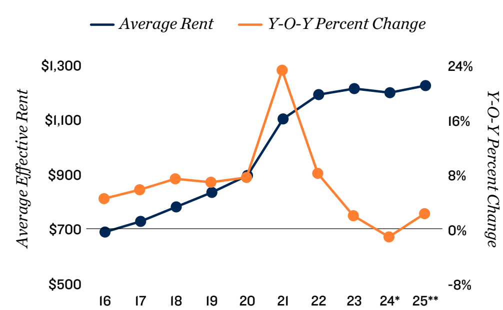
Employment Trends



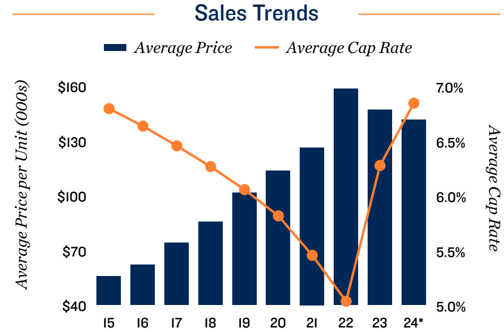
Supply and Demand



Rent Trends



Sales Trends



2025 MARKET FORECAST

NMI RANK 39 — *One of the nation's higher vacancy rates offsets improved job growth placing Tucson in the lower echelon of the NMI this year.*

+1.7% — **EMPLOYMENT:** Hiring will pick up over 2025, placing the job growth rate above its long-term annual mean of 1.4 percent. The metro is set to add a net of 6,750 new positions this year.

1,350 *units* — **CONSTRUCTION:** Stock growth will slow to 1.6 percent, slightly above the trailing five-year annual mean. Deliveries will be heaviest in the Casas Adobes-Oro Valley area and West Tucson.

-20 bps — **VACANCY:** Supported by sustained net in-migration and a smaller delivery slate, the marketwide vacancy rate will inch down to 7.3 percent. This is 20 basis points above the metro's long-term average.

+2.2% — **RENT:** For the first time since 2021, demand exceeds supply. This dynamic supports positive rent momentum that lifts the metro's average effective rate to a historical high of $1,221 per month.

INVESTMENT: *Southeast Tucson, the metro's largest submarket by stock, may attract more investors after the area's Class B and C vacancy fell in 2024. A scant local pipeline could also attract certain buyers to Class A listings.*

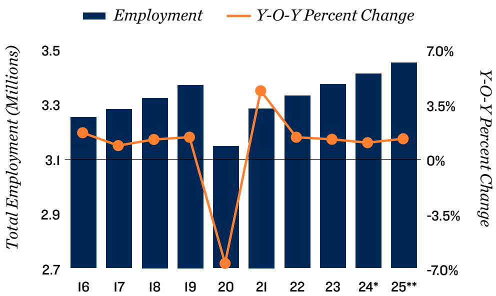
* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

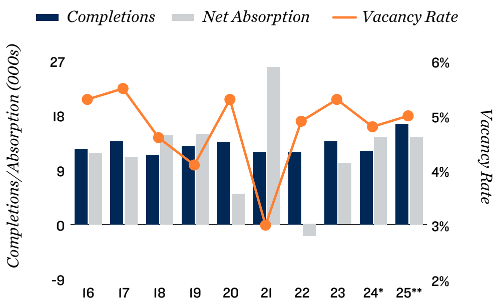
WASHINGTON, D.C.

Tight Supply in Virginia's Suburbs and Strengthening District Office Employment Draw Investor Demand

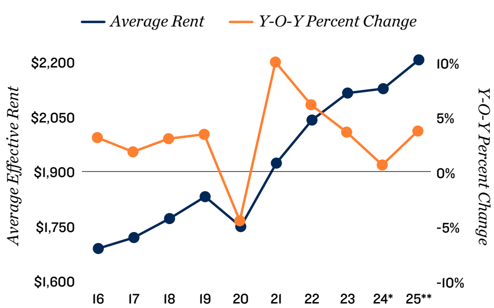
Employment Trends



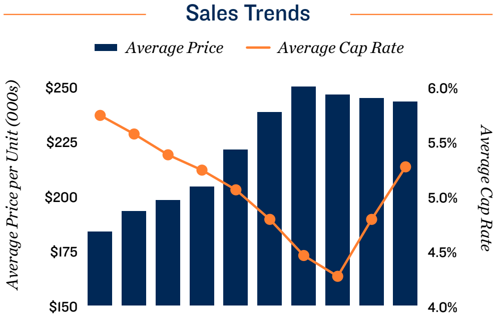
Supply and Demand



Rent Trends



Sales Trends



*Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

Influx of residents spurs downtown supply surge. The metro's job growth rate is set to align with Baltimore for the fastest among major Northeast markets this year, spurred by resilient traditionally office-using hiring that will rank second nationally in gains. This dynamic and local living costs that are lower than Boston and New York are expected to draw young adults to the metro. The influx of new residents will bolster apartment demand at an opportune time — a record 16,000 units are slated for completion in 2025. These deliveries should be largely well received, as demand from high-earning households reduced both Class A and B vacancy rates last year. Household income growth outpacing inflation may also support greater leasing demand across the market over the near term. Still, heavy development in the metro's CBD may create some local supply pressure. Budget constraints facing necessity renters are concurrently impacting lower-tier properties in suburban Maryland, where Class C vacancy has surpassed Class B levels. Fundamentals should remain tighter in Nothern Virginia amid corporate growth and minimal supply additions. The area posted the lowest vacancy rate among the metro's three regions last year.

Investment momentum builds as renter demand grows. Net absorption exceeded new supply last year for the first time since 2021, encouraging greater investment activity. Tightening vacancy in Virginia's affluent suburbs should sustain buyer interest in 2025, particularly in areas like Fairfax County and Manassas, which recorded sub-4 percent vacancy and rent growth of around 7 percent last year. Elsewhere, improved office-centric hiring should maintain investor demand for urban apartments, especially in highly sought-after District neighborhoods like NoMa and West End. Class A assets here fetched upward of $400,000 per unit in 2024. Those seeking to limit entry costs to under $300,000 per unit this year are likely to focus on older properties with value-add potential.

2025 MARKET FORECAST

NMI RANK 20 ***Strong rent gains driven by affluent households will secure Washington, D.C., a spot among the top 20 markets.***

+1.3% **EMPLOYMENT:** Job growth will advance from last year as 45,000 roles are added. The metro's workforce will have risen 3.2 percent over a three-year span, among the fastest in the Northeast.

16,600 ***units*** **CONSTRUCTION:** Record new supply lifts inventory growth to 2.4 percent — the fastest pace in over a decade. Deliveries will be heaviest in downtown D.C., followed by Bethesda and Hyattsville in Maryland.

+20 bps **VACANCY:** Strengthened employment gains will keep vacancy increases modest despite elevated completions, with the metro's rate reaching 5.0 percent — 100 basis points below the national average.

+3.7% **RENT:** Vacancy on par with its long-term average fuels rent growth, as the metro's average effective rent reaches $2,204 per month. This marks a fifth-straight year of gains and a 26 percent rise in that span.

INVESTMENT: *Investors targeting lower-tier rentals may focus on Virginia suburbs like Alexandria and Loudoun County, where Class C vacancy below 4 percent last year drove sector rent growth above 7 percent.*

Affluent Transplants Boost Household Growth, Enabling Strong Property Performance and Attracting Investors

Record in-migration propels rent growth. West Palm Beach gained over 40,000 new residents last year — the highest total on record. This growth is expected to continue, aided by a larger financial services sector that attracts young professionals. Likewise, the city's favorable climate and lower cost of living compared with Miami appeal to wealthier retirees and remote workers. This influx of affluent residents is projected to drive the fastest household income growth in the nation, bolstering demand for higher-end apartments. New supply in the city center should be well received after elevated leasing led to strong rent growth last year. Completions in the dense suburbs of Lake Worth Beach should also be quickly absorbed. Vacancy here remained the lowest among metro submarkets in 2024, driven by demand for modern units that are more affordable than those in the urban core. Moreover, completions are forecast to slow east of Interstate 95 and near Boca Raton, reinforcing property fundamentals in those areas while also spurring expectations for metrowide rent growth to rank among the fastest in the country.

Buyer competition intensifies as conditions tighten. Improved fundamentals and a surging population are expected to draw investors back to the metro. Institutions will likely stay active in the suburbs, where limited new supply supports rent growth. Planned major projects, such as the $100 million upgrade at Boca Raton's Innovation Campus and efforts to turn the Wellington Equestrian Preserve into a vibrant mixed-use community, are also poised to attract investors. Private buyers are likely to focus on closer-in submarkets like Lake Worth and Boynton Beach, where a younger, high-density population has kept vacancy low. Last year, apartment buildings under 20 units often traded for less than $200,000 per unit, while larger properties with value-add potential sold for around $225,000 per door, and newer developments commanded over $400,000. per unit.

2025 MARKET FORECAST

NMI RANK 19 ***Modest employment gains, coupled with tight market conditions, will place West Palm Beach just within the top 20 markets.***

+1.6% **EMPLOYMENT:** West Palm Beach is expected to add 11,000 jobs in 2025. Although this total falls slightly short of last year's tally, it remains roughly in line with the metro's long-term average job gain.

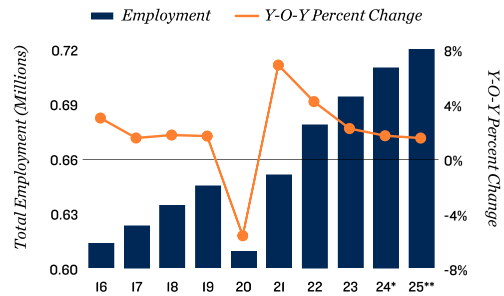
2,500 *units* **CONSTRUCTION:** The metro's stock will expand by 1.9 percent this year, delivering the fewest units among major Florida markets and ranking second only behind Tampa for slowest inventory growth.

-20 bps **VACANCY:** Fewer deliveries help vacancy fall to 5.3 percent by year-end, keeping below the metro's long-term average of 5.8 percent. Only Miami records a lower rate among major Florida markets.

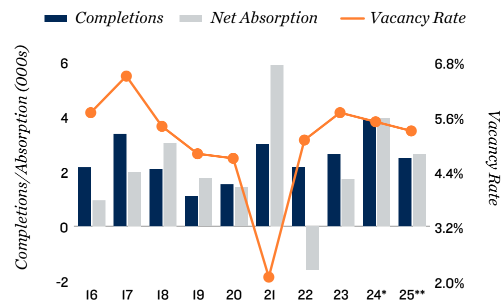
+4.4% **RENT:** The metro's average effective rent rises to $2,578 per month by the end of 2025, climbing at the fastest pace in three years and ranking as the eleventh highest among major U.S. markets.

INVESTMENT: *The One West Palm and One Flagler office buildings are set to open in 2025 and are expected to become major employment hubs, potentially boosting apartment demand and attracting investors to the city center.*

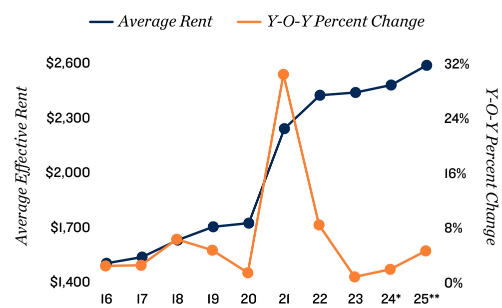
Employment Trends



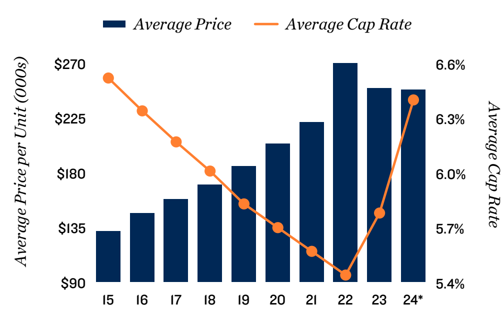
Supply and Demand



Rent Trends



Sales Trends



* Estimate; ** Forecast

Sources: CoStar Group, Inc.; Real Capital Analytics; RealPage, Inc.

United States

Corporate Headquarters
Marcus & Millichap
23975 Park Sorrento
Suite 400
Calabasas, CA 91302
(818) 212-2250
www.MarcusMillichap.com

Atlanta
1100 Abernathy Road, N.E.
Building 500, Suite 600
Atlanta, GA 30328
(678) 808-2700
John M. Leonard

Austin
9600 N. Mopac Expressway
Suite 300
Austin, TX 78759
(512) 338-7800
Bruce Bentley III

Bakersfield
4900 California Avenue
Tower B, Second Floor
Bakersfield, CA 93309
(661) 377-1878
Jim Markel

Baltimore
One West Pennsylvania Avenue
Suite 850
Towson, MD 21204
(443) 703-5000
Brian Hosey

Baton Rouge
10527 Kentshire Court
Suite B
Baton Rouge, LA 70810
(225) 376-6800
Jody McKibben

Birmingham
800 Shades Creek Parkway
Suite 815
Birmingham, AL 35209
(205) 510-9200
Jody McKibben

Boston
100 High Street
Suite 1025
Boston, MA 02110
(617) 896-7200
Thomas Shihadeh

Charleston
151 Meeting Street
Suite 450
Charleston, SC 29401
(843) 952-2222
Benjamin Yelm

Charlotte Uptown
201 S. Tryon Street, Suite 1220
Charlotte, NC 28202
(704) 831-4600
Benjamin Yelm

Chicago Downtown
333 W. Wacker Drive, Suite 200
Chicago, IL 60606
(312) 327-5400
Joseph Powers

Chicago Oak Brook
One Mid-America Plaza, Suite 200
Oakbrook Terrace, IL 60181
(630) 570-2200
Steven D. Weinstock

Cincinnati
312 Walnut Street, Suite 2460
Cincinnati, OH 45202
(513) 878-7700
Josh Caruana

Cleveland
Crown Centre
5005 Rockside Road, Suite 800
Independence, OH 44131
(216) 264-2000
Grant Fitzgerald

Columbia
1320 Main Street, Suite 300
Columbia, SC 29201
(803) 678-4900
Benjamin Yelm

Columbus
500 Neil Avenue, Suite 100
Columbus, OH 43215
(614) 360-9800
Grant Fitzgerald

Dallas
5001 Spring Valley Road, Suite 1100W
Dallas, TX 75244
(972) 755-5200
Mark R. McCoy

Dallas Uptown
3131 Turtle Creek Boulevard
Suite 1200
Dallas, TX 75219
(972) 267-0600
Mark R. McCoy

Denver
1144 15th Street, Suite 2150
Denver, CO 80202
(303) 328-2000
Adam A. Lewis

Detroit
2 Towne Square, Suite 450
Southfield, MI 48076
(248) 415-2600
Steven Chaben

Encino
16830 Ventura Boulevard, Suite 100
Encino, CA 91436
(818) 212-2700
Jim Markel

Fort Lauderdale
5900 N. Andrews Avenue, Suite 100
Fort Lauderdale, FL 33309
(954) 245-3400
Harrison E. Rein

Fort Worth
300 Throckmorton Street, Suite 1500
Fort Worth, TX 76102
(817) 932-6100
Mark R. McCoy

Fresno
6795 N. Palm Avenue, Suite 109
Fresno, CA 93704
(559) 476-5600
Jim Markel

Greensboro
200 Centreport Drive, Suite 160
Greensboro, NC 27409
(336) 450-4600
Benjamin Yelm

Hampton Roads
208 GoldenOak Ct, Suite 210
Virginia Beach, VA 23452
(757) 777-3737
Benjamin Yelm

Houston
3 Riverway, Suite 800
Houston, TX 77056
(713) 452-4200
Ford Noe

Indianapolis
600 E. 96th Street, Suite 500
Indianapolis, IN 46240
(317) 218-5300
Josh Caruana

Inland Empire
3281 E. Guasti Road, Suite 800
Ontario, CA 91761
(909) 456-3400
Mario J. Alvarez, Jr.

Iowa
425 Second Street S.E., Suite 610
Cedar Rapids, IA 52401
(319) 333-7743
Todd Lindblom

Jacksonville
5200 Belfort Road, Suite 250
Jacksonville, FL 32256
(904) 672-1400
Justin W. West

Kansas City
9393 W. 110th Street, Suite 500
Overland Park, KS 66210
(816) 410-1010
Josh Caruana

Knoxville
1111 Northshore Drive, Suite S-301
Knoxville, TN 37919
(865) 299-6300
Jody McKibben

Las Vegas
9205 W. Russell Road, Suite 100
Las Vegas, NV 89148
(702) 215-7100
Cameron Glinton

Los Angeles
1900 Avenue of the Stars, Suite 2000
Los Angeles, CA 90067
(213) 943-1800
George Azzi

Louisville
9300 Shelbyville Road, Suite 1012
Louisville, KY 40222
(502) 329-5900
Josh Caruana

Manhattan
260 Madison Avenue, Fifth Floor
New York, NY 10016
(212) 430-5100
John Horowitz

Memphis
5100 Poplar Avenue, Suite 2505
Memphis, TN 38137
(901) 620-3600
Jody McKibben

Miami
2916 North Miami Avenue, Suite 700
Miami, FL 33127
(786) 522-7000
Victor M. Garcia

Milwaukee
13890 Bishops Drive, Suite 300
Brookfield, WI 53005
(262) 364-1900
Todd Lindblom

Minneapolis
1601 Utica Avenue South, Suite 301
Minneapolis, MN 55416
(952) 852-9700
Todd Lindblom

Mobile
208 N. Greeno Road, Suite B-2
Fairhope, AL 36532
(251) 929-7300
Jody McKibben

Nashville
6 Cadillac Drive, Suite 100
Brentwood, TN 37027
(615) 997-2900
Jody McKibben

New Haven
265 Church Street
Suite 210
New Haven, CT 06510
(203) 672-3300
John Horowitz

New Jersey
250 Pehle Avenue, Suite 501
Saddle Brook, NJ 07663
(201) 742-6100
Jim McGuckin

New Mexico
100 Sun Avenue N.E., Suite 650
Albuquerque, NM 87109
(505) 445-6333
Ryan Sarbinoff

Oklahoma City
629 W. Main Street, Suite 107
Oklahoma City, OK 73102
(405) 446-8238
Jody McKibben

Orange County
19800 MacArthur Boulevard
Suite 150
Irvine, CA 92612
(949) 419-3200
Jonathan Giannola

Orlando
300 S. Orange Avenue, Suite 700
Orlando, FL 32801
(407) 557-3800
Justin W. West

Palm Springs
74-710 Highway 111, Suite 102
Palm Desert, CA 92260
(909) 456-3400
Mario J. Alvarez, Jr.

Palo Alto
2626 Hanover Street
Palo Alto, CA 94304
(415) 963-3000
Ramon Kochavi

Philadelphia
2005 Market Street, Suite 1510
Philadelphia, PA 19103
(215) 531-7000
Timothy B. Stephenson, Jr.

Phoenix
2398 E. Camelback Road, Suite 300
Phoenix, AZ 85016
(602) 687-6700
James K. Crawley

Portland
111 S.W. Fifth Avenue, Suite 1950
Portland, OR 97204
(503) 200-2000
David Tabata

Raleigh
101 J Morris Commons Lane, Suite 130
Morrisville, NC 27560
(919) 674-1100
Benjamin Yelm

Reno
50 W. Liberty Street, Suite 400
Reno, NV 89501
(775) 348-5200
Daniel A. Kapic

Richmond
4401 Waterfront Drive, Suite 230
Glen Allen, VA 23060
(804) 802-6900
Benjamin Yelm

Sacramento
3741 Douglas Boulevard, Suite 200
Roseville, CA 95661
(916) 724-1400
Daniel A. Kapic

Sacramento Downtown
333 University, Suite 150
Sacramento, CA 95825
(916) 724-1400
Daniel A. Kapic

Salt Lake City
95 South State Street, Suite 1280
Salt Lake City, UT 84111
(801) 736-2600
Kent Guerin

San Antonio
8200 IH-10 W, Suite 603
San Antonio, TX 78230
(210) 343-7800
Bruce Bentley III

San Diego
12544 High Bluff Drive, Suite 100
San Diego, CA 92130
(858) 373-3100
Damon Wyler

San Francisco
750 Battery Street, Fifth Floor
San Francisco, CA 94111
(415) 963-3000
Ramon Kochavi

Seattle
401 Union Street, 32nd Floor
Seattle, WA 98101
(206) 826-5700
Joel Deis

South Bay
880 Apollo Street, Suite 101
El Segundo, CA 90245
(424) 405-3900
Dawson Rinder

St. Louis
7800 Forsyth Boulevard, Suite 710
St. Louis, MO 63105
(314) 889-2500
Josh Caruana

Tampa
201 N. Franklin St., Suite 1100
Tampa, FL 33602
(813) 387-4700
David G. Bradley

Tucson
2 E. Congress Street, Suite 1050
Tucson, AZ 85701
(520) 202-2900
James K. Crawley

Washington, D.C.
7200 Wisconsin Avenue, Suite 1101
Bethesda, MD 20814
(202) 536-3700
Brian Hosey

Westchester
50 Main Street, Suite 925
White Plains, NY 10606
(914) 220-9730
John Horowitz

Canada

Calgary
602-16 Avenue Northwest, Suite 211
Calgary, Alberta T2M 0J7
(587) 349-1302
Michael Heck

Edmonton
10175 101 Street, Suite 1820
Edmonton, Alberta T5J 0H3
(587) 756-1600
Michael Heck

Montreal
1 Place Ville Marie, Suite 1082
Montreal, Quebec H3B 4S6
(438) 844-6550
Kevin Marshall

Ottawa
275 Bank Street, Suite 301
Ottawa, Ontario K2P 2L6
(613) 364-2300
Mark Paterson

Toronto
200 King Street W., Suite 1210
Toronto, Ontario M5H 3T4
(416) 585-4646
Mark Paterson

Vancouver
1111 West Georgia Street, Suite 1100
Vancouver, British Columbia
V6E 4M3
(604) 638-2121
Michael Heck

CONTACTS, SOURCES AND DEFINITIONS

Research Services Team

John Chang | *Senior Vice President, National Director*
Peter Tindall | *Vice President, Director of Research Operations*
Luke Simurda | *Director of Research, Canada*
Cody Young | *Research Publication Manager*
Jacinta Tolinos | *Research Operations Manager*
Kathryn Blessington | *Copy Editor*
Kyle Chang | *Research Associate*
Joshua Craft | *Research Analyst*
Maria Erofeeva | *Graphic Designer*
Nicholas Johnsrud | *Research Associate*
Joseph Julian | *Research Associate*
Anthony Kim | *Research Associate*
Chris Ngo | *Data Analyst II*
Adam Norbury | *Data Analyst II*
Erik Pisor | *Research Analyst II*
Musab Salih | *Data Analyst*
John Salter | *Research Associate*
Samuel Vogel | *Digital Media Coordinator*
Robert Weeks | *Research Associate*
Frank Zhao | *Research Analyst*

Senior Management Team

Hessam Nadji
President and Chief Executive Officer

Richard Matricaria
Executive Vice President, Chief Operating Officer, Western Division

J.D. Parker
Executive Vice President, Chief Operating Officer, Eastern Division

Evan Denner
Executive Vice President, Head of Business, MMCC

Steve DeGennaro
Executive Vice President, Chief Financial Officer

Gregory A. LaBerge
Senior Vice President, Chief Administrative Officer

Andrew Strockis
Senior Vice President, Chief Marketing Officer

Michael L. Glass
Senior Vice President, Division Manager

John Horowitz
Senior Vice President, Division Manager

Brian Hosey
Senior Vice President, Division Manager

Ryan Nee
Senior Vice President, Division Manager

Tim Speck
Senior Vice President, Division Manager

John Vorsheck
Senior Vice President, Division Manager

Multi Housing Division

Peter Standley | *Vice President, National Director*
(317) 218-5300 | peter.standley@marcusmillichap.com

Contact:

John Chang | *Senior Vice President, National Director,*
Research and Advisory Services
4545 East Shea Boulevard, Suite 201
Phoenix, Arizona 85028
(602) 707-9700 | john.chang@marcusmillichap.com

Media Contact:

Gina Relva | *Public Relations Director*
23975 Park Sorrento, Suite 400
Calabasas, CA 91302
(925) 953-1716 | gina.relva@marcusmillichap.com

[1] National Multifamily Index Note: Employment and apartment data forecasts for 2025 are based on the most up-to-date information available as of December 2024 and are subject to change.

[2] Statistical Summary Note: Metro-level employment, vacancy and effective rents are year-end figures and are based on the most up-to-date information available as of December 2024. Effective rent is equal to asking rent less concessions. Average prices and cap rates are a function of the age, class and geographic area of the properties trading and therefore may not be representative of the market as a whole. Forecasts for employment and apartment data are made during the fourth quarter and represent estimates of future performance. No representation, warranty or guarantee, express or implied, may be made as to the accuracy or reliability of the information contained herein. This is not intended to be a forecast of future events and this is not a guarantee regarding a future event. This is not intended to provide specific investment advice and should not be considered as investment advice.

Sources: Marcus & Millichap Research Services; CoStar Group, Inc.; Federal Deposit Insurance Corp.; Federal Reserve; Freddie Mac; Moody's Analytics; Mortgage Bankers Association; National Association of Realtors; National Oceanic and Atmospheric Administration; Numbeo; Real Capital Analytics; RealPage, Inc.; Redfin; USA Today; U.S. Bureau of Economic Analysis; U.S. Bureau of Labor Statistics; U.S. Census Bureau; U.S. Treasury Department; various city and state government websites

STATISTICAL SUMMARY

Market Name	Employment Growth[2]				Completions (Units)[2]				Vacancy Rate[2]				Effective Monthly Rate[2]				Average Price per Unit[2]			Market Name
	2022	2023	2024*	2025**	2022	2023	2024*	2025**	2022	2023	2024*	2025**	2022	2023	2024*	2025**	2022	2023	2024*	
Atlanta	3.5%	1.1%	0.7%	1.4%	11,700	20,500	22,500	17,000	6.2%	7.7%	7.7%	7.6%	$1,695	$1,628	$1,600	$1,633	$188,200	$175,500	$167,100	Atlanta
Austin	6.4%	2.9%	1.7%	2.1%	14,200	14,400	28,800	24,300	5.9%	7.5%	7.8%	7.7%	$1,668	$1,588	$1,533	$1,556	$229,800	$214,700	$202,400	Austin
Baltimore	0.5%	0.3%	1.1%	1.3%	1,100	3,200	2,300	3,100	4.8%	5.8%	5.6%	5.7%	$1,649	$1,673	$1,722	$1,768	$175,500	$165,200	$161,000	Baltimore
Boston	2.3%	0.9%	0.5%	0.9%	5,900	7,300	7,200	7,500	4.0%	4.7%	4.8%	4.6%	$2,805	$2,930	$3,012	$3,125	$326,500	$312,800	$324,500	Boston
Charlotte	3.3%	2.1%	2.4%	1.4%	7,200	12,800	13,000	17,000	5.8%	7.0%	7.3%	7.9%	$1,590	$1,556	$1,586	$1,613	$220,000	$200,800	$184,900	Charlotte
Chicago	2.2%	0.7%	-0.2%	0.4%	6,600	8,500	6,800	4,300	4.9%	5.0%	4.7%	4.5%	$1,881	$1,970	$2,051	$2,137	$174,200	$172,600	$177,800	Chicago
Cincinnati	2.5%	1.1%	0.5%	0.7%	2,200	3,000	2,800	3,000	3.9%	5.2%	4.8%	5.1%	$1,309	$1,366	$1,415	$1,452	$107,300	$104,800	$104,100	Cincinnati
Cleveland	1.6%	1.0%	0.9%	0.9%	1,100	1,500	1,200	1,800	4.1%	5.5%	5.4%	5.6%	$1,195	$1,251	$1,282	$1,320	$90,000	$92,100	$95,700	Cleveland
Columbus	0.9%	1.7%	-0.3%	0.9%	3,600	6,500	6,000	7,500	4.4%	5.6%	5.8%	6.0%	$1,270	$1,311	$1,354	$1,397	$141,100	$136,000	$120,100	Columbus
Dallas-Fort Worth	4.8%	2.4%	1.5%	1.9%	21,300	27,800	41,600	36,100	5.9%	7.2%	7.4%	7.5%	$1,534	$1,526	$1,521	$1,555	$183,700	$180,700	$158,900	Dallas-Fort Worth
Denver	3.1%	0.8%	1.1%	0.7%	8,900	9,100	16,500	10,000	5.6%	6.1%	6.4%	6.3%	$1,870	$1,895	$1,916	$1,960	$249,300	$246,900	$234,900	Denver
Detroit	2.3%	0.5%	0.4%	0.5%	1,500	2,000	2,500	2,700	4.6%	5.4%	5.2%	5.3%	$1,267	$1,290	$1,331	$1,371	$118,200	$121,300	$109,500	Detroit
Fort Lauderdale	3.9%	2.4%	1.6%	2.1%	3,000	4,600	5,000	4,200	5.0%	5.9%	5.8%	5.4%	$2,405	$2,417	$2,463	$2,563	$245,500	$243,000	$243,900	Fort Lauderdale
Houston	4.7%	3.0%	1.9%	2.0%	14,700	19,500	23,900	15,800	6.9%	7.3%	7.4%	7.5%	$1,334	$1,357	$1,373	$1,416	$136,400	$127,200	$124,400	Houston
Indianapolis	2.9%	2.4%	2.4%	1.8%	1,700	4,700	6,100	5,200	5.1%	6.9%	6.2%	6.0%	$1,213	$1,260	$1,312	$1,357	$136,300	$130,000	$117,000	Indianapolis
Jacksonville	3.3%	2.3%	1.5%	2.2%	5,900	7,300	8,000	4,400	6.2%	7.9%	7.7%	7.4%	$1,526	$1,469	$1,445	$1,483	$178,800	$145,300	$136,500	Jacksonville
Kansas City	2.8%	1.1%	1.4%	1.6%	3,400	4,200	3,300	5,200	4.8%	5.8%	5.4%	5.5%	$1,239	$1,300	$1,372	$1,416	$135,700	$130,400	$126,700	Kansas City
Las Vegas	5.2%	3.9%	-0.2%	1.6%	2,400	4,300	5,000	3,900	6.3%	7.4%	6.0%	5.6%	$1,488	$1,447	$1,460	$1,508	$194,800	$166,400	$160,500	Las Vegas
Los Angeles	2.3%	0.2%	0.6%	0.8%	7,200	9,900	6,500	6,600	3.9%	4.9%	4.9%	5.1%	$2,792	$2,794	$2,814	$2,883	$332,600	$300,600	$290,600	Los Angeles
Louisville	2.5%	1.0%	1.1%	0.5%	1,800	1,700	2,300	1,900	5.1%	6.0%	5.1%	5.2%	$1,157	$1,203	$1,270	$1,320	$123,100	$119,900	$119,100	Louisville
Miami-Dade	5.0%	3.6%	1.7%	1.7%	5,300	6,600	8,600	8,100	3.6%	4.8%	4.6%	4.5%	$2,500	$2,566	$2,620	$2,714	$246,000	$242,600	$246,700	Miami-Dade
Milwaukee	1.9%	0.0%	-0.2%	0.7%	2,300	2,700	2,100	2,800	3.2%	4.0%	4.2%	4.5%	$1,450	$1,544	$1,580	$1,633	$122,400	$118,100	$109,100	Milwaukee
Minneapolis-St. Paul	1.3%	1.5%	-0.6%	0.9%	9,000	10,200	8,800	3,600	5.3%	5.6%	5.3%	4.8%	$1,509	$1,536	$1,567	$1,613	$148,900	$144,200	$140,400	Minneapolis-St. Paul
Nashville	4.5%	1.9%	0.9%	0.8%	8,100	11,800	12,500	7,800	5.0%	6.2%	5.8%	5.7%	$1,640	$1,604	$1,610	$1,648	$253,400	$227,200	$211,700	Nashville
New Haven-Fairfield County	1.9%	0.6%	0.8%	0.6%	2,900	1,300	3,000	2,300	4.6%	4.3%	3.9%	4.0%	$2,377	$2,499	$2,579	$2,662	$201,600	$189,600	$188,700	New Haven-Fairfield County
New York City	4.6%	1.5%	1.7%	1.0%	25,200	20,300	24,000	21,000	2.0%	1.9%	2.0%	2.1%	$2,926	$2,974	$3,020	$3,090	$373,200	$371,700	$349,400	New York City
Norfolk-Virginia Beach	1.8%	2.1%	1.5%	0.8%	1,300	1,200	2,500	1,300	4.4%	4.8%	5.0%	5.1%	$1,457	$1,497	$1,534	$1,570	$139,700	$125,700	$123,900	Norfolk-Virginia Beach
Northern New Jersey	2.9%	2.0%	0.4%	0.7%	10,900	10,800	13,700	8,700	3.6%	4.4%	4.6%	4.5%	$2,356	$2,427	$2,489	$2,564	$224,100	$220,600	$214,500	Northern New Jersey
Oakland	1.7%	1.1%	0.9%	1.3%	4,000	3,000	2,300	1,700	5.0%	5.8%	4.9%	4.8%	$2,626	$2,587	$2,597	$2,643	$304,200	$277,400	$273,900	Oakland
Orange County	1.6%	1.4%	1.0%	1.5%	2,600	3,000	1,800	1,900	3.2%	3.7%	3.8%	3.7%	$2,736	$2,822	$2,859	$2,943	$380,800	$371,200	$372,900	Orange County
Orlando	6.0%	2.7%	1.4%	1.6%	7,300	11,100	12,200	8,000	5.1%	6.4%	6.5%	6.3%	$1,813	$1,757	$1,755	$1,834	$236,400	$225,700	$215,700	Orlando
Philadelphia	3.2%	1.8%	1.2%	0.7%	5,100	8,300	8,600	8,100	3.8%	4.7%	4.7%	4.5%	$1,751	$1,802	$1,834	$1,910	$209,400	$188,300	$185,600	Philadelphia
Phoenix	3.8%	3.0%	1.5%	1.4%	13,400	16,000	25,500	29,000	6.5%	7.3%	7.1%	7.0%	$1,632	$1,571	$1,540	$1,578	$282,400	$254,900	$239,900	Phoenix
Pittsburgh	1.7%	1.3%	1.6%	0.8%	1,400	1,100	1,100	1,000	5.0%	5.6%	5.5%	5.4%	$1,435	$1,495	$1,528	$1,576	$140,400	$134,100	$125,100	Pittsburgh
Portland	2.5%	-0.1%	0.8%	1.3%	3,400	4,500	6,000	4,200	5.0%	6.2%	5.9%	5.6%	$1,756	$1,710	$1,724	$1,767	$221,100	$212,800	$202,000	Portland
Raleigh	3.8%	2.6%	2.0%	2.6%	6,300	10,300	15,000	14,800	5.6%	6.8%	7.1%	7.3%	$1,555	$1,527	$1,508	$1,530	$218,400	$202,800	$200,300	Raleigh
Reno	3.1%	3.3%	0.7%	1.2%	2,000	1,700	2,200	700	5.2%	5.6%	5.0%	4.1%	$1,568	$1,550	$1,603	$1,658	$230,800	$215,100	$208,600	Reno
Riverside-San Bernardino	2.2%	1.8%	1.3%	1.5%	1,000	2,100	4,500	6,700	4.2%	5.4%	5.3%	5.4%	$2,195	$2,197	$2,234	$2,289	$234,700	$218,100	$213,800	Riverside-San Bernardino
Sacramento	2.6%	2.6%	0.5%	1.1%	2,100	2,600	3,500	2,400	4.7%	5.7%	5.3%	5.4%	$1,942	$1,954	$1,985	$2,010	$239,100	$225,800	$215,600	Sacramento
Salt Lake City	3.3%	2.4%	1.9%	1.4%	6,000	9,800	7,000	5,500	5.1%	6.6%	6.1%	5.7%	$1,591	$1,553	$1,565	$1,618	$264,700	$227,200	$209,700	Salt Lake City
San Antonio	4.3%	3.2%	1.7%	1.8%	3,100	6,100	10,500	8,800	6.9%	8.7%	8.6%	8.1%	$1,270	$1,245	$1,223	$1,237	$156,900	$140,700	$135,400	San Antonio
San Diego	3.2%	0.9%	0.4%	0.6%	3,100	3,300	4,800	3,600	3.3%	4.3%	4.5%	4.4%	$2,765	$2,807	$2,840	$2,913	$368,000	$364,900	$361,300	San Diego
San Francisco	2.4%	-1.3%	-0.5%	0.6%	3,700	2,400	3,600	2,200	6.1%	6.0%	5.8%	5.7%	$2,879	$2,869	$2,935	$2,975	$413,200	$358,800	$346,200	San Francisco
San Jose	2.7%	-0.5%	0.3%	0.7%	3,200	1,700	3,000	3,900	4.5%	4.6%	4.6%	4.7%	$3,055	$3,003	$3,130	$3,185	$406,100	$384,700	$373,300	San Jose
Seattle-Tacoma	2.3%	1.2%	0.7%	1.4%	10,400	8,000	15,000	11,000	5.3%	5.6%	5.3%	5.4%	$2,124	$2,131	$2,174	$2,243	$287,100	$276,200	$255,800	Seattle-Tacoma
St. Louis	1.4%	2.0%	1.3%	0.7%	2,800	3,000	2,500	1,700	4.9%	6.2%	6.0%	6.1%	$1,219	$1,291	$1,360	$1,401	$131,900	$136,200	$130,400	St. Louis
Tampa-St. Petersburg	3.9%	2.7%	1.3%	1.6%	7,500	6,600	12,700	5,400	5.4%	6.5%	7.1%	7.0%	$1,821	$1,820	$1,790	$1,829	$201,900	$191,800	$185,000	Tampa-St. Petersburg
Tucson	1.8%	1.3%	0.5%	1.7%	1,400	900	2,100	1,400	6.2%	7.5%	7.5%	7.3%	$1,188	$1,210	$1,195	$1,221	$158,600	$147,000	$141,600	Tucson
Washington, D.C.	1.4%	1.3%	1.1%	1.3%	12,000	13,700	12,100	16,600	4.9%	5.3%	4.8%	5.0%	$2,039	$2,113	$2,125	$2,204	$246,200	$244,800	$243,100	Washington, D.C.
West Palm Beach	4.2%	2.3%	1.7%	1.6%	2,200	2,600	3,900	2,500	5.1%	5.7%	5.5%	5.3%	$2,414	$2,429	$2,470	$2,578	$270,000	$249,100	$247,900	West Palm Beach
United States	**3.0%**	**2.0%**	**1.5%**	**1.1%**	**329,700**	**426,600**	**520,000**	**410,000**	**4.9%**	**5.8%**	**6.1%**	**6.0%**	**$1,785**	**$1,807**	**$1,829**	**$1,884**	**$221,900**	**$198,300**	**$193,900**	**United States**

** Estimate ** Forecast*

[2] See Statistical Summary Note on Page 64.

A TRUSTED VISION FOR THE FUTURE

Marcus & Millichap was founded in 1971 with the goal of being a new kind of company — one driven by long-term relationships and built on a culture of collaboration. We focus on bringing together specialized market knowledge, the industry's leading brokerage platform and exclusive access to inventory to achieve exceptional results for our clients, year after year.

Today, we are the industry's largest firm specializing in real estate investment sales and financing, with more than 80 offices and over 1,700 investment sales and financing professionals throughout the United States and Canada.

Marcus & Millichap

Marcus & Millichap

Offices Throughout the United States and Canada

PETER STANDLEY
Vice President, National Director
Multi Housing Division
peter.standley@marcusmillichap.com

EVAN DENNER
Executive Vice President, Head of Business
Marcus & Millichap Capital Corporation
evan.denner@marcusmillichap.com

JOHN CHANG
Senior Vice President, National Director
Marcus & Millichap Research Services
john.chang@marcusmillichap.com

RESEARCH SERVICES
4545 E. Shea Boulevard • Phoenix, AZ 85028 • 602.707.9700